

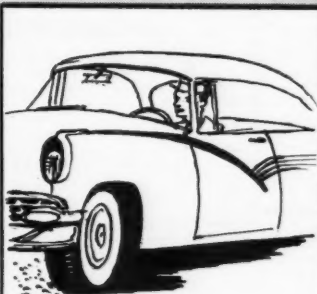
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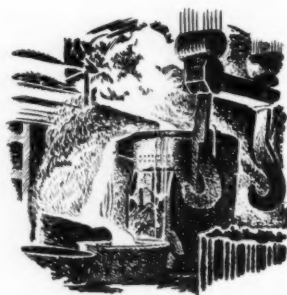
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# The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

Aug. 15, 1957  
61st Year, No. 33

## Survey Shows Some Agents Make Calls, Grow in Auto Risks

Association Leaders in General Operate Agencies That Sell and Expand

By KENNETH O. FORCE

Because the pattern of distribution in insurance becomes more important as competition increases, THE NATIONAL UNDERWRITER made a sampling of local independent agents in order to get an idea of what is happening.

The sampling is not large, approximately 50, but the geographical distribution is countrywide. The size of the agencies is varied. The majority of them are in smaller cities and towns or suburban communities.

But the sampling had one common denominator. Almost every one to whom the inquiry was addressed was or had been president of his state association. Thus all have demonstrated leadership.

The results of the survey indicate that this index of leadership in association work is reflected also in sales and in the practice of selling. In other words, an agent who exerts himself in association activities with success in almost all cases has been and is exerting himself with success in the functions of his business, including sales.

If this is so, and it seems quite certainly the case, it explains why there is such a wide difference of opinion of agents, their performance, and the agency system. The good agents—whatever percentage of total agency force they comprise—do a good job, including sales, where "the agent" is

(CONTINUED ON PAGE 18)

## Highlights of the Week's News

Court rules on two assault cases and coverage under liability policies ..... Page 11  
Current fire rate problems viewed by McKown ..... Page 9  
Use of manuals to feature New Jersey agents card ..... Page 17  
Michigan supreme court again shows liberal attitude in WC rulings ..... Page 8  
George H. Bunyan appointed secretary of Royal-Globe group ..... Page 10  
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N. C. scales five points off deviations since compulsory looms ..... Page 3  
List names of 16 insurers which wrote illegal WC in Cal. ..... Page 4  
Minnesota agents to meet Aug. 28 at Briarcliff ..... Page 4  
More than 800 are expected at Grand West at New Orleans ..... Page 4

## KOs License Renewal to All-America, D. C., Company Takes Appeal

WASHINGTON—Superintendent Jordan found All-American Ins. Co. of D. C. falsified its 1956 annual financial statement and has declined to renew its license. The company went into federal district court where Judge Tamm granted Mr. Jordan's motion for summary judgment, finding that because of false representations the company was not entitled to continue operating here and not entitled to equitable relief through injunction. However, the D. C. department was enjoined from interfering with company operations pending final determination of the case on appeal to the U. S. court of appeals, which the company is taking.

All-American is licensed in D. C., Florida, Maryland, Virginia, and West Virginia.

The company claimed that, as of last Dec. 31, it owned 4,000 shares of stock of Yellow Cab Co. of Maryland, for which it paid \$176,500. According to Jordan, the owner of the cab company also owns All-American. Actually, the stock was not issued to All-American, but was tied up in a voting trust in Baltimore, according to the finding.

## Grandy a Candidate for NAIA Exec Committee

William Grandy, past president of Iowa Assn. of Insurance Agents, has announced his candidacy for the executive committee of the national association.

Mr. Grandy served as president of the Iowa association in 1948 and has been state national director since 1955. He heads the Grandy-Pratt agency at Sioux City.

## Fla. Auto Rates Rise

National Bureau of Casualty Underwriters has revised automobile liability insurance rates in Florida, effective Aug. 14. Rates are increased for practically all classifications. Class 1 increases range from \$1 to \$18, 2A \$3 to \$23, and 2C \$3 to \$39. Farmers get a 30% discount.

## Ark., Mo., Approve New Term Multiples

The new three and five year term multiples of 2.7 and 4.4, as recommended recently by Inter-regional Insurance Conference, have been approved by Arkansas and Missouri for use on all new and renewal business, effective Aug. 7 in Arkansas and Aug. 15 in Missouri.

In approving the filings, Commissioner Combs of Arkansas and Superintendent Leggett of Missouri both emphasized that the unfavorable loss experience of the past few years has justified the increase in term multiples. Mr. Combs said the change is a means of giving insurers an emergency premium increase to meet the catastrophic tornado and fire losses which they have had to pay in the last five years, and stated that the losses evident in the first six months of 1957 constitute a crisis.

There was little or no advance warning of the impending change in Arkansas, and many agencies, which are already well into or through their September renewals, felt that the approval might jeopardize their business if they are required to revise all the policies they have renewed so far. Some agencies felt that as a result of the sudden change, all renewals already approved by the Arkansas audit bureau should be allowed to stand on the old term multiple basis.

## Canadian Air Crash to Cost London Insurers Around \$1.650,000

The Maritime Central Airways DC-4 passenger plane which crashed during a thunderstorm 15 miles southwest of Quebec, Ont., killing all 79 persons—73 passengers and six crew members—aboard, was insured in the London market.

The crash was the worst in Canadian aviation history and one of the worst commercial air crashes on record. Hull loss will run about \$650,000. Admitted liability reportedly will run in excess of \$1 million.

## Mutual Companies Shelve Studies of Multi-Line Powers

Wary of Charter Changes; N. Y. Law Rules Out Use of Subsidiary Insurers

NEW YORK—Many large life companies, including some of the biggest mutual companies, have been looking into the possibility of expanding their operations to include fire and casualty business but have decided that for the time being such a move is out of the picture.

The investigation of multiple writing powers was the result of the number of prominent general insurance companies that have bought or formed life insurance affiliates.

The practical barrier for life companies operating in New York is that New York state law prohibits even a non-New York company owning a fire-casualty subsidiary, on the grounds that this would be doing more than the three lines of insurance permitted life companies—life, annuities and A&S.

However, it is expected that this law will be changed at the 1958 legislative session. If it is, there would be renewed interest among life companies in going multi-line.

Expansion of a life company's writing powers by amending the charter rather than by merely owning a general insurance company would involve hazards for some insurers that they would just as soon not have to cope with. In getting a charter amended there is always the danger that political opportunists or partisans of pet theories may seize the chance to get some charter changes made that the insurance company would much prefer to avoid.

Expanding to a multiple line basis is particularly attractive to a company that does a lot of business on a brokerage business with general insurance agents. If the trend to ownership of life subsidiaries by fire-casualty insurers continues, it may be increasingly difficult for a life-only company to get much business from these general insurance agencies.

"Sorry, but we're giving nearly all our life business to the Ajax Fire's affiliate, Ajax Life," may be the reply that is more and more frequently heard by brokerage solicitors of life-only companies when they call on their general insurance contacts.

"We never gave much thought to it" (CONTINUED ON PAGE 28)

## Late News Bulletins ...

### American Bonding to Be Consolidated

Preliminary steps have been taken to consolidate the operations of American Bonding with those of the parent organization, Fidelity & Deposit. B. H. Mercer, president of F&D., stated that the move, for the purpose of increasing the efficiency and economy of F&D.'s operations, will have the ultimate effect of retiring American Bonding from business.

In the past, F&D. and American Bonding have maintained separate agency organizations, but have functioned with the same home office and field office personnel. In addition, American Bonding's net retentions have been reinsured 100% by F&D. American Bonding representatives are being offered agency contracts with F&D., and arrangements are being made for the systematic transfer of all the subsidiary's business to F&D. Mr. Mercer stressed that during the transi-

(CONTINUED ON PAGE 28)

### Results of First Six Months for Leading Companies

	Gross Surplus June 30	Incr. or Decr. from Dec. 31	Prem. Written Six Months of 1957	Prem. Written Six Months of 1956	Net Income First Half of 1957
American Casualty	18,414,870	-432,943	17,730,892	15,157,416	-265,157
American Employers	19,376,878	119,980	20,218,261	18,684,194	562,776
Anchor Casualty	3,372,973	-272,978	6,200,036	6,066,519	-176,588
Emmco	12,032,626	-19,022	11,832,668	11,743,251	752,990
Globe Indemnity	32,930,275	-822,725	18,641,741	16,998,626	-253,905
Newark of New York	12,682,321	-354,054	8,058,043	7,347,703	-72,824
Queen	32,469,166	-553,933	20,445,780	18,543,655	-100,500
Royal of New York	23,997,948	-103,851	15,745,564	14,357,879	280,577
St. Paul F&M	105,875,539	80,229	58,794,966	54,198,498	777,815
St. Paul Mercury	14,231,337	20,281	8,399,281	5,970,881	144,958
U.S.F.&G.	111,026,929	11,240,275	127,946,966	119,027,716	-6,641,567

## Growing Life-Fire Alliance to Bring More 'Packaging'

Personal Coverages Likely To Be Written More and More in One Account

By KENNETH O. FORCE

(Based on talk at the annual convention in Augusta of Georgia Assn. of Insurance Agents.)

The present painful loss position of the companies is a real problem, but it is a temporary, or at least a short range, one. Competition, however, which is exerting its own direct and indirect influences on underwriting profits, is not going to diminish in the foreseeable future.

One of the most characteristic aspects of today's competition in the insurance business is packaging. The purposes of packaging are several. One is to reduce costs. There is one handling of three to five lines instead of three to five handlings. The customer likes one package instead of five. At least some of them do.

But it has become apparent that one of the chief uses to which packaging is being put is to get business. To an extent, the agent who sells a person insured for fire and extended coverage a package that includes comprehensive personal liability and theft has created new business.

But suppose the agent doesn't have

the CPL and wants the fire and EC, or he has the theft and wants the others. The package gives him an excellent opportunity to capture all five lines, and take business away from another agent. It consolidates the insurance of this customer in the hands of one agent, and in most cases gives him more protection. Here are all the elements of an idea that sells—cost saving, better product, greater convenience. The agent has, in effect, done part of the job of account selling.

In spite of the likelihood that package policies give too much coverage for too little money, there will be more package developments. Someone has asked how the companies can take five coverages that are losing money, package them and sell the pack at a 20% discount. In spite of this, competition will influence further broadening of coverages via packaging.

But there is on the horizon a package possibility that presently appears slightly fantastic. Yet it is the logical outgrowth of one of the most recent developments of the business.

This is the possibility of putting all personal insurance in one package—life insurance, hospitalization, major medical, automobile, dwelling property, comprehensive personal liability, theft and whatever else the man wants.

If insurance is viewed as the protection of people and not things, and if this package is considered not as a single policy but as a single file containing all of insured's insurance and the records pertaining to it, the prospect is not fantastic. On the outside of a flat briefcase or file is the name of insured, along with a list of the coverages inside. At the bottom is

(CONTINUED ON PAGE 27)

## 1957 Argus Chart for A&S Insurers Is off the Press

Providing practically all the significant and useful figures concerning the accident, sickness and hospitalization business for a total of 909 insurers, including Blue Cross and Blue Shield plans, the new 1957 Accident & Sickness Argus Chart was recently published by The National Underwriter Co. The new Argus Chart gives in convenient form a detailed analysis of the A&S experience for all of the larger writers of these lines, five years of figures being shown for many companies. Supplementing the basic figures are such items as what kinds of contracts are written, practices regarding brokerage, states in which the companies operate, the number of branches, general agents and agents. By including briefer exhibits for hun-

dreds of additional insurers, the 1957 chart gives a truly comprehensive and factual picture of the entire accident, sickness and hospitalization field.

For each of the widely operating companies, the essential facts and figures are spread across two large facing pages, so that the full story of a company is available at a glance. The information about the company as a whole is shown first in the upper left hand quarter of each double spread page. Opposite this are given the details of its A&S experience with ratios. Individual A&S is further analyzed into accident only, combined A&S, noncan, and hospital and medical. Completing the exhibit, group A&S premiums and underwriting results with ratios, are given in the lower right section of each double spread. Here also are shown the lines written and the practices pertaining to brokerage. Among other interesting miscellaneous items presented are the dates when each company began writing A&S as well as its date of incorporation, and a key letter indicating whether it is an A&S specialty company, a life and A&S company, a casualty company or a multiple line company.

## Officers of Federal Join Colonial Board

Percy Chubb II, William M. Rees, Robert E. Wallace and Lee Orton have been elected directors of Colonial Life. They fill four vacancies.

Mr. Chubb, a partner of Chubb & Son, is president and director of Federal, Vigilant and American Institute of Marine Underwriters. Mr. Rees and Mr. Wallace are partners of Chubb & Son and vice-presidents of Federal. Mr. Orton is financial officer of Chubb & Son, treasurer of Federal and Vigilant and a director of Vigilant.

President Richard B. Evans of Colonial and Richard D. Nelson, executive vice-president and treasurer of Colonial, have been elected directors of Federal.

Federal has acquired Colonial through an exchange of stock in which Colonial shareholders received four shares of Federal stock for each share of Colonial.

Colonial will continue to operate as a separate company under its own directors, present officers and staff. The acquisition is expected to permit continued expansion of Colonial's agency organization.

## Mo. Dept. Warns Agents on Assigned Risk Applications

The Missouri department has reported it has received a growing number of complaints against rejections by companies of risks assigned to them under the state's assigned risk plan. The rejections are due to carelessly and improperly completed applications by agents. The department has warned that the application becomes a legal document once it is signed and notarized and that agents who fail to carefully assist applicants are not fulfilling their license requirements.

## Ala., Mass. WC Bills

In Alabama bills to liberalize the state's workmen's compensation laws have been passed by the house and gone to the senate. The measures would increase maximum benefits from \$28 to \$31 a week, double the allowable burial payment to \$400, increase maximum medical payments from \$1,000 to \$1,200, extend the period of medical treatments from 90 days to six months, and make many minor changes.

In Massachusetts a bill to increase from \$3 to \$4 a week the allowance for dependents under WC was passed by the senate and house. The senate defeated a bill to raise from \$35 to \$40 a week the maximum WC benefits.

Supplementing these major exhibits are summary figures for 438 additional companies writing A&S, whose operations in this field are not yet as extensive as those shown in the first part of the chart. For these companies, the following figures are shown: Assets, capital, surplus, premiums written, premiums earned, claims incurred and expenses incurred on A&S business for the past two years. Eighty-six Blue Cross hospital service plans, 72 Blue Shield medical care plans, and 33 other hospital and medical-surgical insurers are also shown in a special section.

Another helpful feature of the chart is its detailed explanations of every item shown. Each is clearly defined and each carries a specific reference to the page and line number of the official annual statement blanks from which it is taken. Like its companion publications in the fire and casualty-surety fields, the A&S Argus Chart for 1957 has been designed to give concise answers to all sorts of questions, including the unusual.

Advance orders for the new A&S Argus Chart are now being delivered. Copies may be obtained from The National Underwriter Co., statistical division, 420 East Fourth street, Cincinnati, or from any National Underwriter branch office. It sells singly at \$2.50 a copy, with substantial reductions for quantity orders.

## CURRENT FIRE - CASUALTY FIELD POSITIONS \$6,500 - \$8,500

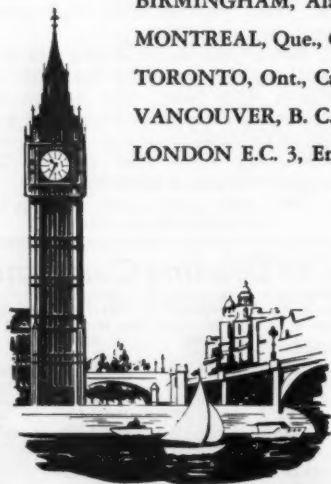
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Oklahoma	Multiple Line Agent
Indiana	Casualty S. Agent
South Carolina	Casualty S. Agent
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## N. C. Scales 5 Points Off Deviations Since Compulsory Looms

The applications of 13 insurers for rate deviations in North Carolina were approved by Commissioner Gold, but he scaled down by five points the requests for reduced rates for automobile liability for most of the insurers asking them. This obviously was in expectation that experience will deteriorate under compulsory auto, which becomes effective Jan. 1.

Mr. Gold's statement, made at the conclusion of presentations by the insurers in support of their deviation requests, startled insurance representatives.

"In view of the uncertainty of the future (posed by the compulsory auto law), and believing that the main purpose above all is service to the public and that the public is more desirous of that than of large deviations, it is my opinion that your requests should be scaled down some," he said.

He pointed out that the legislature in enacting compulsory provided that there be some form of merit rating and "rates will have to be revised to reflect some credit to the good drivers and of course, presumably, there will be some debits for the bad drivers or those who have violated the law." How to effect these objectives will be the subject of a later hearing, he said.

Insurers will be responsible for seeing to it that their agents help place assigned risks when compulsory goes into effect, he declared. Adjustment costs will go up because every time there is any collision whatsoever it will be necessary to investigate it, regardless of whether there is liability, he added.

Alliance Assurance asked for a 20% discount on paid PHD but withdrew the request. Allstate wanted 15% off its request for 10% off on auto PHD on auto BI and PDL and got 10%, and except collision was granted. However, Allstate's request for a 15% discount on fire and extended coverage was held over. George H. Kline, vice-president and counsel, and C. B. Kenney, senior vice-president, made the presentation for Allstate. Previously Mr. Gold had turned down the fire

and EC discount because Allstate had no experience in North Carolina to justify it.

American Druggists got its 20% discount on fire and allied lines, as did Church Fire on fire and allied of 20%. Government Employees asked 25% on auto liability and got 20%, but its 30% request on auto PHD was granted.

Harleysville Mutual Casualty wanted 10% on auto liability and got 5%, but was granted 15% off on general liability and 10% on burglary and glass. Harleysville Mutual, an affil-

ate, was given its 15% on auto PHD.

Home Mutual Fire of New York asked 15% off on fire and 15% on auto PHD and got them but Mr. Gold disapproved its request for 15% off each on EC and homeowners.

Nationwide asked 20% off on auto liability and got 15% but was given the 25% off it asked for auto PHD. North Carolina Farm Bureau Mutual was scaled down from 20 to 15% on auto liability, but was granted 25% off on auto PHD. Reciprocal Exchange got its 15% off on fire.

State Farm had asked for 25% off

on auto liability but reduced its request to 20% on BI before the hearing. Mr. Gold allowed 15% on auto liability. The company was authorized to charge 25% less on auto PHD excluding fleets.

United Services was the only insurer to get what it asked on auto liability, 20%, on a showing of excellent experience in the state. It also got its requested 20% off on auto PHD. Utica Fire was granted what it asked on fire and allied lines, 15%, auto PHD, 20%, and burglary and glass, 15%.

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## List Names of 16 Insurers Which Wrote Illegal WC in Cal.

Commissioner McConnell of California has released names of the 16 insurers who have admitted writing workmen's compensation policies in the state in violation of manual rules, prior to issuance of former Commissioner J. R. Maloney's controversial ruling 67, which permitted use of premium discounts and retrospective and combination rating plans. Ruling 67 has been definitely nullified by Commissioner McConnell's ruling 96 and by recent legislation.

Names of the insurers are: Aetna Casualty, American Mutual Liability, American Surety, Continental Casualty, Employers Liability, Fireman's Fund Indemnity, General Accident, F&L, Globe Indemnity, Hartford Accident, Indemnity of North America, Liberty Mutual, Pacific Indemnity, Potomac, Royal Indemnity, Travelers and Zurich (through Aero Associates).

The number of violations of manual rules and state regulations ranged from one risk up to 81. Most of these were policies written in company offices located outside of California and covering employees of insured in the state. According to bulletin NS2, which Commissioner McConnell forwarded to the insurers for completion in making the study which resulted in issuance of ruling 96, some of the California branch offices of companies involved in the violations were completely unaware of the policies written by offices outside the state and had to canvass their home offices for the necessary data required by the bulletin.

## W. Va. Mutual Agents Slate Annual Sept. 8-10

West Virginia Assn. of Mutual Insurance Agents is scheduling its annual convention for Sept. 8-10 at Stonewall Jackson hotel, Clarksburg.

Speakers and their topics at the Sept. 9 session will be: William Stringfellow, National Assn. of Mutual Agents, "Your National Association in Action;" O. C. Lee, Harleysville Mutual, "Comprehensive Auto and General Liability;" Commissioner Neeley of West Virginia department, "Problems of the Insurance Department and Discussion on the New Insurance Code;" George W. Hare, State Auto, "Time Element Coverages;" and Jack Lavery, Inland Mutual, "Problems Facing Automobile Underwriters in West Virginia."

The two speakers and their topics for the following morning meeting will be William Davies, Retail Credit Bureau of Wheeling, "Why and How of Insurance Inspection Reports;" and James Christopher, Prudential, "Put Life in Your Agency."

## Home Underwriting Loss in First Half Was \$10,491,919

Home and Home Indemnity had a combined underwriting loss in the first half of \$10,491,919, compared with a 1956 first half loss of \$5,406,947. Premiums earned were almost identical with the first half last year. Assets increased from \$530,599,842 as of last Dec. 31 to \$532,775,956 at June 30. However, policyholders surplus decreased from \$243,700,483 to \$240,942,195.

Investment income for the two companies was \$6,917,997, compared with \$6,958,187 a year ago in the first half. Net income showed a loss of \$24,332 compared with a gain of \$3,862,787 in 1956.

Unearned premium and loss expense reserves increased since last Dec. 31 from \$272,627,620 to \$279,811,896.

Home had 1957 first half earned premiums of \$94,175,524, compared with \$95,967,167 a year ago, but Home Indemnity increased its earned premiums from \$18,180,274 to \$19,996,945. The underwriting loss was \$7,927,989 for Home, compared with a loss of \$3,848,265 a year ago, and was \$2,563,930 for Home Indemnity, compared with \$1,558,682 a year ago.

President Kenneth E. Black commented in his report to stockholders that the trends which adversely influenced most major classes of business in 1956 continued into 1957. He said that continued rising building and replacement costs and the present method of establishing rates, "which has failed to produce a reasonable return," contributed to the unsatisfactory underwriting results.

## 5% WC Rate Increase in Pa. First Since 1939, Though Benefit Level 64% Higher

Commissioner Smith of Pennsylvania has approved a 5% workmen's compensation rate increase filed by Pennsylvania Compensation Rating Bureau, effective July 1. Coal mine rates are not affected. The estimated increase in premiums is \$2½ million.

Rates for 104 classifications have been increased, 39 have been decreased, and 45 are unchanged. Manufacturing and utilities go up 3.5%, contracting and quarrying 9.8% and others 4.5%. The federal industry group decreased 20.1%.

This is the first increase in rates except for those occasioned by law amendments since Jan. 1, 1939. The new rates are, on the average, 48.9% lower than those in effect July 1, 1939, though the present benefit level is 64% higher than on that date. The new rates are 4% below those of April 1, 1956, the date the rates were revised to accord with the most recent change in benefit levels under the law.

Roderick B. McNamee has joined the home office staff of Allstate as casualty research manager.

## Minnesota Agents to Meet Aug. 28 at Breezy Point Lodge

ST. PAUL—Insurance as a profession will be the theme of the annual convention of Minnesota Assn. of Insurance Agents, Aug. 28-30, at Breezy Point lodge, Brainerd. To carry out the theme, one of the first talks will be on "Professionalizing the Insurance Industry" by Allen L. Smith, manager Louisiana Assn. of Insurance Agents.

The first convention session, Aug. 29, will be devoted to business including reports of committees and officers and election of new officers. The Road Aid program went into effect in Minnesota a few months ago under the sponsorship of the state association and Ole Bjerksett, Road Aid service manager, will report on the progress.

At a breakfast session, Aug. 30, Dr. G. Herbert True, assistant professor of marketing, University of Notre Dame, will talk on "Creativity in Selling." Advertising, state and national, will be the topic at the final program session with Paul H. Jones, member of the executive committee of National Assn. of Insurance Agents, handling the topic from the national viewpoint, and Ralph Hobbs Associates Inc., Minneapolis, taking over the state end of it.

## Employers' Group May Organize Life Insurer

Employers' Group Associates, a Boston holding company, has filed a statement with Securities & Exchange Commission seeking registration of 88,761 shares of common stock (no par).

The shares would be offered for subscription by holders of outstanding common stock at the rate of one share for each four held. Morgan, Stanley & Co. is principal underwriter. It is expected that the holding company would use part of the proceeds of the sale to organize a life company.

The holding company has two wholly-owned subsidiaries, American Employers' and Employers' Fire of Employers' Liability Group.

## Howell Sets Hearings on N. J. Auto Rate Increases

Commissioner Howell of New Jersey will hold public hearings at Trenton on the filings of the automobile rating bureaus for increased rates in that state. On Aug. 20 the filing of National Bureau of Casualty Underwriters will be aired, on Aug. 21 that of Mutual Insurance Rating Bureau, and Aug. 22 that of National Automobile Underwriters Assn.

The commissioner indicated he was holding the public hearings because of "the substantial impact of the proposed rates on the public."

## More Than 800 Are Expected at Grand Nest at New Orleans

More than 800 delegates and wives are expected to attend the Grand Nest of Blue Goose at Roosevelt hotel in New Orleans, Aug. 26-28.

A meeting of Grand Nest officers, registration and social activities are planned for Sunday, Aug. 25, the day immediately preceding the formal meeting. Registration will continue throughout the day on Aug. 26, and a sightseeing tour of New Orleans has been arranged for the afternoon.

Opening ceremonies of the convention will be held at 9 a.m. Tuesday Aug. 27, with MLGG Jules E. Simon-eaux presiding. Among the speakers scheduled for the ceremony are Mrs. William Kirchem of Louisiana Insurance Rating Commission; Robert L. Fenerty, grand supervisor, and James F. Miazza, General Adjustment Bureau. A memorial service will be held following the opening formalities, and a model initiation will be presented by a team from Mississippi pond. A meeting of the Grand Nest will be held during the afternoon session and reports of Grand Nest officers and committees will be made at that time. During the day, ladies will tour the Vieux Carre in the city, and in the evening entertainment is planned for all on a steam-tour of the river.

Reports of committees, delegates, a business meeting and election of new Grand Nest officers will be held on the morning of Aug. 28, after which the convention will adjourn.

## Professional Ins. Co. of New York Being Formed

A notice of intention to organize Professional Ins. Co. of New York has been published. The proposed initial capital is \$3,150,000.

Formation of the company as a malpractice insurer was first proposed about a year ago. It plans to transact personal injury liability and property damage liability business as defined in paragraphs 13 and 14 of section 46 of the New York state insurance law. The main office of the insurer is to be located at 44 wall street, New York.

Incorporators include insurance people from New York, New Jersey, Maryland and Connecticut.

## U. S. Chamber Insurance Committee Agenda Set

WASHINGTON—The U. S. Chamber of Commerce insurance committee meeting Sept. 11 is slated to consider legislative results of the Congress currently in session, and to examine prospects for next year's session.

Among the issues to be examined by the committee will be federal expenditures, inflation, health insurance, flood indemnity, the welfare fund situation, atomic energy indemnity, industrial safety, federal intervention in education, and legislation proposed to require registration of stocks unlisted on exchanges with Securities & Exchange Commission.

## W. Va. Turnpike Commission Soliciting Insurance Bids

West Virginia agents and brokers have been asked to submit sealed bids for all risk bridge and tunnel coverage and U&O by the West Virginia Turnpike Commission. The term of the insurance will be Sept. 20, 1957 to Jan. 1, 1961.

Bids may be submitted to the commission at its administrative offices in Reed prior to 10 A.M. Sept. 13.

## —Audits for Casualty & Inland Marine Carriers

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## Employers Re Shows Drop in Earnings, Gain in Premiums Written

Employers Re showed net earnings for the first six months of 1957 of \$1,297,497, a drop of \$243,972 from the same period of 1956, but gross premium writings for the period rose approximately 33% to \$12,455,936. Earnings before taxes were \$687,455,555 less than reported last year, but provision for income taxes decreased \$443,590.

Net underwriting gain was \$1,337,537, contrasted with \$2,100,967 in the comparable period last year, but net investment earnings rose \$74,119 to reach \$740,013. Assets increased \$1,361,082 to a total of \$65,683,447. Bond holdings, amortized value, totaled \$52,551,365, an increase of about \$1,700,000, but on a market value, bonds are \$2,298,050 less than carried, reflecting the decline in prices during the last year.

Losses on automobile liability were greater than a year ago, largely due to the unfavorable loss experience of last January. Frank Proper, president, said that comparisons since January indicate more prompt reporting of losses as well as a slight drop in frequency. Workmen's compensation lines continued profitable, he said.

## Get Ready for Fire Prevention Week Oct. 6-12

Fire Prevention Week will be Oct. 6-12. This is the oldest Presidentially proclaimed week in the U. S. This is its 35th anniversary, National Board points out.

The board also notes that fire prevention has helped, inasmuch as at the time fire prevention activities became organized, about 1905, the estimated value of the country's reproducible, tangible assets was \$71 billion and fire losses were \$165 million. By 1952, burnable national assets had increased about 12 times over 1905 figures but fire losses had increased only five times.

## N. Y. Accidents Zoom

New York bureau of motor vehicles reports April automobile personal injury accidents totaled 13,099, up 14%; deaths 157, up 15%, and property damage accidents 19,932, up .7%, over April, 1956. The estimated total property damage was \$9,282,995, up 4%.

Drivers 25-29 years of age were involved in 30 fatal accidents in April. This was an increase of 58% over April, 1956.

Out of state drivers in April were involved in 757 accidents compared to 726, and 13 fatal accidents compared to 14 in April, 1956. Unlicensed drivers were involved in 131 accidents, four of them fatal, during April.

General Adjustment Bureau has moved its Miami office to 1150 S. W. First street, and the office of its resident adjuster at Martinsville, Va., to 29 Jones street.

## Ohio Directs Insurers to Recognize Attainment of Age 25 by Drivers

Commissioner Vorys of Ohio has issued a bulletin directing all insurers writing automobile insurance in the state to recognize in their premium computations for policies issued for terms in excess of one year the attainment of age 25 of an underage operator and the change in age group of the automobile insured. It also directs that recognition of these changes be given for each year or part of a year starting on the policy anniversary date immediately following the change.

## Government Employees in Black First Half

Government Employees in the first half had net earnings of \$1,283,486, compared with \$1,193,668 for the same period in 1956. Premiums were \$17,121,098 against \$14,509,425.

The loss ratio increased from 66% to 70.6%, but the expense ratio was down from 15.9 to 15.1%.

## Mo. Department Orders Deletion of Dwelling Rate Analysis Form

Missouri department has issued an order to all companies revoking departmental order #64, which has required the attachment to fire policies on dwellings in the state of a form illustrating the rate computations and credits allowed. Effect of the new order is to allow issue of dwelling policies without necessity for attachment of the dwelling rate analysis endorsement.

## Muller, Manager for Firemen's Fund, Retires

Alfred A. Muller, assistant manager of the New England department of Firemen's Fund, has retired after 29 years with the company. He joined the company as chief adjuster in the metropolitan New York automobile claims department in 1928, and in 1934 was transferred to the Boston office to supervise automobile business of the eastern fire department. Mr. Muller became assistant manager of the New England department when it was established last year.

## New Orlando, Fla., Office of Hartford Fire Group Opened

Hartford Fire group has opened a new consolidated office in Orlando, Fla., with a staff of 30 providing complete underwriting, production, claim and engineering services.

All casualty, surety and combination automobile business is being handled at the Orlando office. While fire and marine field service will be provided from this office, the business will continue to be reported to the southern department office at Atlanta.

Hartford Accident has appointed Charles J. Kelly manager at the new office. With the company since 1935, when he entered the Atlanta claim department, he also has served as a special agent. He has been agency superintendent at Atlanta for the past six years.

To handle operations for Hartford Fire, Special Agent J. B. Frazer has been transferred to Orlando from Deland, Fla.



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## Aetna Fire Group's First Half Trade Loss Is \$6.5 Million

Aetna Fire group showed an underwriting loss of \$6,585,300 the first six months, compared with \$4,793,311 in the first half of 1956. Premiums totaled \$74,474,632, an increase of \$3,260,511.

The loss ratio, incurred to earned, was up 3.4 points to 65.2%, but underwriting expenses and taxes incurred were 41.2% against 41.3% a year ago. Written premiums were up 1.6% to \$78,826,233, and unearned premium reserves increased \$4,351,601 to \$127,883,831. Assets rose by \$7,233,463 to a total of \$272,984,375 and policyholders surplus increased \$305,263, to \$75,411,078.

Investment income totaled \$3,089,563 for the first half, a gain of \$1,312,697.

## Browne to Handle Peerless Claims in Miss. and La.

Leo C. Browne, formerly with Carolina Casualty, has joined the claims department of Peerless and will have headquarters at Jackson, Miss.

At Carolina Casualty he was a home office claims examiner. He spent 10 years with Markel Service in Baltimore, Jersey City, Jacksonville, Scranton, Pittsburgh, Richmond and Chicago. He had been with the National Automobile & Casualty as branch office claims examiner, and with U.S.-F.&G. in Dallas as supervisor and adjuster. He also spent five years as an independent claims adjuster in Baltimore.

He will supervise all Peerless group claims in Mississippi and Louisiana.

## Open Ventura, Cal., Branch Office

Retail Credit Co. has opened a new branch office at Ventura, Cal., to service San Luis Obispo and Santa Barbara counties and portions of Ventura, Los Angeles, Kern and San Bernardino counties. John A. Rush, who has been at Phoenix, is manager.

## Pacific Board Stresses Insurance to Value in New Bulletin to Agents

Pacific Board has mailed to agents and brokers in the west coast area the second in a series of bulletins emphasizing

**You may lose part of your house!**



... or perhaps three-fourths of a house like you now own ...

**Why?** Because the vast majority of American homeowners have forgotten that continually rising costs apply to their insurance on their homes (and contents, too).

The question is: Under your present insurance, how much of a house can you rebuild?

Here's a general way to judge ...  
Based on average costs:

Year Built	Original cost	Reconstructed cost
1929	\$ 5,000	\$17,000
1940	\$ 6,000	\$18,000
1945	\$ 8,000	\$16,500
1950	\$12,000	\$16,000
1955	\$16,000	\$19,500

But there's an even better way. Call us. Let us review your policy with you to absolutely no obligation. Extra limits on your present fire insurance cost comparatively little more now — inadequate limits can be highly costly if that fire comes!

sizing the importance of proper insurance to value. The bulletin, which is designed for the producer's own use, emphasizes the fact that the vast majority of homeowners overlook the effect of continually rising costs on their insurance of homes and contents.

Reprints of the bulletin are available at a cost of \$1.50 per 100 through the board's public relations counsel. Space is provided for imprints, stickers or rubber stamps.

Greater New York Insurance Brokers' Assn. has asked New York department to look into the fact that despite the mandatory deductible for the personal property floater being reduced to \$50, the homeowners C form still retains the \$100 mandatory deductible for Manhattan, Queens, Brooklyn and the Bronx with respect to personal property.

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## N. Y. Ruling Bears on Insurance Sale by Auto Dealers

The insurance department has issued an interpretation of certain sections of law as authorizing it to decline to license or to revoke the license of a broker if the latter receives more than 10% of net commissions from insurance on risks covering property sold under conditional sales contracts by a dealer "who owns or controls" the brokerage firm holding the license. The department has an attorney-general's opinion, and Raymond Harris, chief counsel of the department, issued the interpretation.

The ruling is expected to bring the licensing of automobile dealers (and others closely associated with the handling of a large volume of conditional sales contracts) as insurance producers under review. The present opinion of the attorney-general takes an opinion handed down by his office in 1947 a step further in enabling the department to pierce corporate veils to the "control" of such insurance licensees.

The present opinion and ruling grew out of the case of Barclay Brokerage Corp., which was a subsidiary of a finance company engaged in the business of purchasing from automobile dealers conditional sales contracts executed by the purchasers of the automobiles. The insurance required to protect the finance company as respects purchase of the contracts was ordered by the dealer for the finance company from brokerage corporation. The finance company was named in the policy as the loss payee.

This relationship between the insurance broker and Barclay Brokerage Corp. constituted a violation of section 119 (4) and section 118, the attorney-general concluded. An earlier opinion, in 1947, was a precedent on the question presented. In the 1947 case, the purchaser and the dealer were named as insured in the policies brokered by the subsidiary brokerage corporation, and since more than 10% of the net commissions of the brokerage corporation arose out of these transactions, the attorney-general held that the superintendent of insurance was empowered to exercise his authority to refuse a renewal license to the broker because of the violation of the above sections.

The Barclay case differed in some respects from the 1947 one, but the attorney-general concluded that these differences were without distinction, and that the essence of the two situations was the same. The attorney-general pointed out that Barclay Brokerage, the owner of the stock of the brokerage company, was in control of the financing of the purchase of automobiles, it placed the insurance, the loss under the policy was payable to it, it supplied virtually all the broker's business, and it reaped all of the broker's profits.

Here the dealer, the attorney-general ruled, as seller, who either owns or controls the license, is in control of the financing of the purchase of the property in the same manner as a finance company. The seller places the insurance with the captive licensee. While the seller may not be named as the loss payee under the policy when the policy is physically issued, he is in fact and according to the terms of the

conditional sales contract, protected by the insurance to the extent of any interest he may have in a conditional sales contract.

"It is obvious that the seller, at the inception of the contract and before the contract is assigned to the finance company, has an insurable interest in the property which he has sold. The seller also has an insurable interest to the extent that he guarantees the finance company against loss due to default by the purchaser or to the extent the purchaser's default would result in the diminution of his reserve. As in

(CONTINUED ON PAGE 21)

## Phoenix-Conn. Has \$4½ Million Loss, Much of It Due to UP

Phoenix of Hartford group in the first six months showed an underwriting loss of \$4,477,571. The increase of \$3,338,000 in unearned premium reserve contributed largely to the underwriting loss on a statutory basis and is indicative of 13% increase in premiums. Casualty premiums showed a 60% increase.

President John A. North stated automobile experience countrywide con-

tinues to be unprofitable. While rate increases have been approved in some states, in others long delays have been encountered. Evidence continues of higher claims and increases expense in settling these claims due to inflationary costs and larger judgments.

Net investment income was \$2,943,615, increase 3%. Policyholders surplus was \$114,000,453, a reduction from Dec. 31 of \$1,760,000. Assets increased about \$3 million to \$218,790,013.

The Senate has confirmed Walter C. Ploeser, St. Louis agent, as ambassador to Paraguay.



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## Mich. Supreme Court Again Shows Liberal Attitude in WC Rulings

Michigan supreme court has given further evidence of its tendency to liberal interpretation of the state workmen's compensation law. In a recent decision, the court ruled that illegitimate children as well as legitimate children must be considered as dependents in computing a WC award. In another case, the court virtually eliminated "accident" as a requisite for qualifying for benefits in ruling that an "unexpected result" arising out of an occurrence having no accidental element would be covered by the state WC law.

## Bonnell Heads Claims at Akron, Dawson Retires

Carroll C. Bonnell has been named claim manager at Akron by Travelers, succeeding Hugh P. Dawson, who has retired after more than 40 years of service with the group.

Mr. Bonnell joined Travelers in 1926 as an adjuster at South Bend, became supervising adjuster in 1944, and district adjuster in 1951.

Mr. Dawson joined Travelers in 1916 as an adjuster at Albany. In 1920, he became an examiner at the home office and later transferred to Cleveland as supervising adjuster. In 1930, he went to Akron in the same capacity and was appointed claim manager in 1942.

## New Officers at Joplin, Mo.

Recently elected officers of Joplin, Mo., Insurance Agents Assn. are: President, James Dale; vice-president, Virgil Hays, and secretary-treasurer, Harold Juhnke.

## Royal-Globe Group Names Lewis, Others in Western Territory

Royal-Globe group has named Carl H. Lewis loss prevention and engineering superintendent of its western territory, Irwin G. Kennedy supervising engineer of the Chicago loss prevention and engineering department, and John P. Stokes special risk engineer at Chicago.

Most recently an engineer in the St. Paul loss prevention and engineering department, Mr. Lewis has been with the group for 10 years. Mr. Kennedy, also with the group 10 years, formerly was loss prevention and engineering department supervisor in Washington, D. C. Mr. Stokes has been active in the western territory of Royal-Globe for more than 20 years. He previously was loss prevention and engineering superintendent of the territory.

## N. Y. Hearing on Certain Disability Benefits, Rates

The New York insurance department will hold a hearing at the New York City office Sept. 10, to consider the advisability of issuing a regulation in connection with the establishment of criteria and standards for statutory disability coverage rates for groups of less than 50 lives or groups with an annual premium of less than \$1,000.

## Kennedy Joins Allstate

Thomas Kennedy has joined the home office staff of Allstate as fire loss director. He was for nine years with Fireman's Fund, starting as an adjuster trainee and becoming agency superintendent at San Francisco.

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## Current Fire Rate Bureau Problems Viewed by McKown

Some of the problems confronting the business and especially those facing the rating organizations were discussed by Paul F. McKown, vice-president of St. Paul F.&M. at San Francisco, at the annual meeting there of Society of Insurance Brokers.

The 1956 underwriting loss of stock fire insurers has led, probably for the first time, to criticisms and embarrassing questions by shareholders. With 1957's first quarter decidedly worse in underwriting results than the first quarter of 1956, it is not surprising that company managers are much concerned with the future of the business, perhaps more than ever before. Obviously the rating bureaus must play a part in the correction of this unsavory situation if any correction is to be attempted, he said.

One purpose of Pacific Fire Rating Bureau, he said, is to make rates that will reasonably assure the companies of an underwriting profit. The rates did not leave room for a reasonable profit for its members and subscribers last year or in the first few months of 1957.

Whether the bureau is to be blamed for the present state of affairs is moot, he said. While it is committed by law to make rates not excessive or inadequate, in the interests of members and subscribers it is responsible for creating rates that are realistic in the view of changing economic conditions within and without the business. It has attempted to do this, he said, "but in fairness to the bureau it cannot be held responsible for the results if any company utilizing those rates chooses to take an immoderate freedom of action."

It is quite possible, although not definitely proved, that the rate and form pendulum may have been swung too far for some classes, and that certain changes in rate and rate schedules may have to come sooner or later if the companies are to get out of the red.

But, he emphasized, if rate changes on certain classes are to be made, nobody in the bureau, nor anyone in company ranks, at this early date knows definitely where such rate adjustments are specifically needed, or whether the bureau will put them through, or when they will be put through. The orderly procedure of periodically reviewing combined company experience by classes could even result in some decreases. It usually has in the past.

Some changes affecting costs of handling are being seriously considered. Adjustments in a few other basic practices are also under intense

study. But, he said, if, as, and when any of these things materialize, brokers should benefit from them.

The research needed on the premium and loss experience tables seems endless, he observed. What will come out of these studies is anybody's guess. Some hold that there must be a general over-all increase in rates. Others hold that the business has broadened coverages too far too fast. Still others feel certain rate credits in such coverages as multiple location building and equipments credit plan, term rule, and installment premium program

need dusting off and perhaps re-gluing.

Others lay greater stress on expense and the need of the industry to reduce it. To put some fat on the lean shanks of insurers perhaps the business needs an interplay of all these things.

The matter of expense generally leads analysts to the conclusion that the companies are inexorably being drawn toward a pattern of general improvement in the characteristics of their production plants, he observed. It is apparent companies should rid

themselves of the marginal broker and agent, and confine their sales forces to producers who are fully qualified, as salesmen, technicians, and administrators of their own offices. The companies need producers who can be more and more self-reliant in carrying out their functions in a manner more in keeping with the commission.

In addition to reviewing rates, his bureau intends to scrutinize the costs of its own operation, Mr. McKown said. The staff and one or more special committees are to embark upon a study

(CONTINUED ON PAGE 21)



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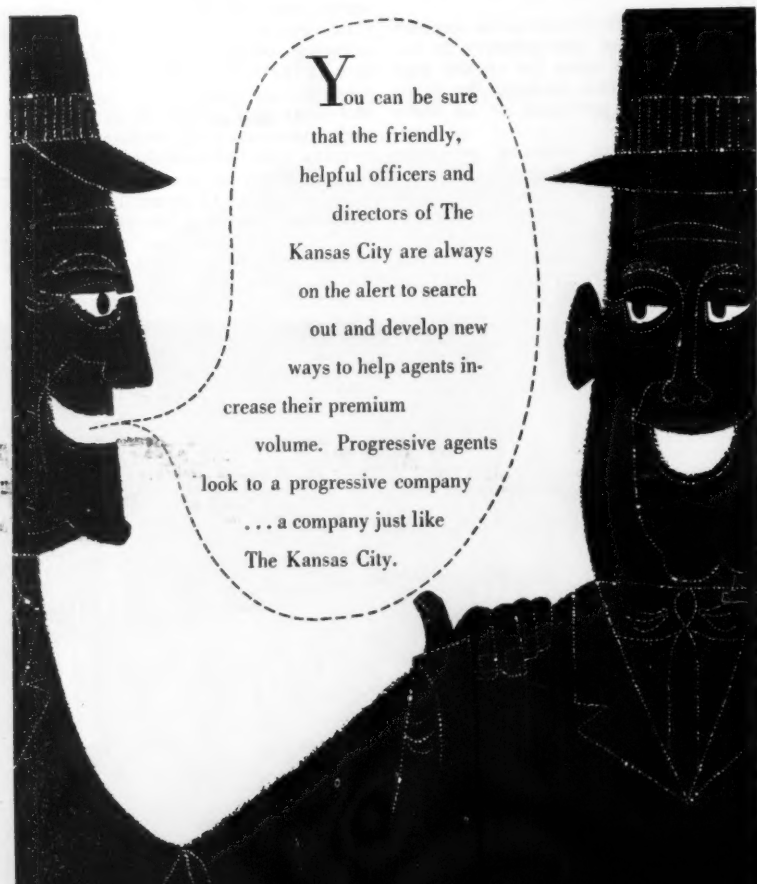
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### George H. Bunyan Is Appointed Secretary of Royal-Globe Group

George H. Bunyan has been appointed secretary of all the companies in Royal-Globe group. He will have administrative charge of production planning and research.

With Royal-Globe since 1934, Mr. Bunyan most recently served as agency secretary with general production duties in the company's Pacific department. Previously he was manager of the inland marine and marine departments at San Francisco, and an IM special representative at Los Angeles.

### R. I. Okays Rise in Automobile Rates

Rhode Island has approved an increase in auto liability as filed by National Bureau of Casualty Underwriters of \$5 to \$21 for 1A. The 2A increases range \$10 to \$24, and 2C from \$19 to \$56. Farmers get a 30% discount.

The National Automobile Underwriters Assn. increase for comprehensive is \$2 and the \$50 deductible is introduced.

The \$50 deductible collision increase is 3 to 9% but the \$100 deductible collision reduces from 5 to 8%. Class 2C collision is increased 30%.

### N. C. Compulsory Auto Unit

The subcommittee representing the insurance industry to work with the department of motor vehicles on technical details concerned with putting into effect North Carolina's compulsory auto liability law has been announced by North Carolina Auto Rate Administrative Office.

Members are H. J. Kennicott of Lumbermens Mutual Casualty, Roy Nicholas of Royal Indemnity, Jack Flanagan of Nationwide Mutual, Kenneth Rogler of National Bureau of Casualty Underwriters, David Kuizenga of Mutual Insurance Rating Bureau, Charles Robuck of National Assn. of Independent Insurers, and William F. Laughlin and Paul Mize of the auto rate office.

The committee already has met with the MV department to discuss forms that will be needed when the law becomes effective next January.

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## Court Rules on Two Assault Cases and Coverage Under Liability Policies

Two cases decided by the Washington supreme court on the same day involved the obligation of insurer to defend assault and battery suits under liability policies.

In the case of *Hering vs St. Paul-Mercury Indemnity*, 9 CCH (fire & casualty) 188, department 1 of the court held that the insurer was obligated to defend.

In *Lawrence vs Northwest Casualty*, 9 CCH9 (fire & casualty) 190, department 2 of the same court denied the contention of insured that the insurer was obligated to defend a criminal action for assault and battery, but said it was required to defend—which it did not—an amended petition charging both criminal assault and battery and negligence. In the second case, the court also ruled that the attorney's fees charged were excessive, and therefore allowed fees which were substantially below those requested by insured and his attorney.

The two opinions were in accord in this respect, that the insurers were obligated to defend assault and battery actions alleging civil liability.

St. Paul-Mercury had insured Richard L. Hering, who operated a restaurant and tavern called "Little Red Hen," a comprehensive general liability policy, which agreed to defend insured "even if such suit is groundless, false or fraudulent" but did not insure "a person against the results of his own personal wilful wrongful conduct."

In 1953, Walter Staples sued Hering, alleging that Hering had wrongfully and unlawfully assaulted him. Hering asked the insurer to defend him, which it did, alleging that Hering acted in self defense. But at this point the insurer withdrew from the defense, Hering employed another counsel to represent him, a compromise was effected, and Hering paid Staples \$1,000. Hering then sued St. Paul for \$1,000 plus costs and attorney's fees.

The court found that Hering did not unlawfully and unjustly assault Staples but that Staples was injured while Hering was acting in self defense. The court also ruled that the terms of the policy required insurer to defend the suit. It further determined that the expenditures made by Hering in obtaining a dismissal of the Staples' action were reasonable.

The sole question involved was whether the insurer agreed in its policy to defend insured in an action in which insured was falsely charged with assaulting another. The court then went to the phraseology that "the company shall defend even if such suit is groundless, false or fraudulent."

The insurer argued that the complaint of Staples' alleged an assault, which constitutes a criminal offense,

and that public policy would be violated if it were to insure against wilful criminal misconduct. The insurer pointed out that the courts have held that all assault is not within the definition of accident.

But, the court said, this policy is not an accident policy, the insurer had agreed to defend all actions, even if groundless, and under the facts of this case "it is not against public policy


for the insurer to insure against groundless action alleging civil liability resulting from an assault, and, hence, the allegations of the complaint are within the terms of the policy." The lower court verdict was affirmed.

The Northwest Casualty case involved a liability policy on Lawrence, who operated a grocery store. A man by the name of Kindelspire sued Lawrence alleging that in 1952 Lawrence committed assault and battery upon him with a tear gas projector. The case was tried before a jury, which

(CONTINUED ON PAGE 16)

## Duffy Commercial Union-Ocean Head at Indianapolis

Commercial Union-Ocean has appointed K. J. Duffy manager at Indianapolis. He joined the company in 1948 and trained in various departments at the head office. He first served the group in the field at Wichita and recently has been at Peoria, where he established a multiple line field office for the group.



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## Royal-Globe Advances Schroeder and Ormond to Casualty Managers

Royal-Globe has advanced two to casualty manager—John G. Schroeder at Boston and Francis J. Ormond at Philadelphia.

With the group since 1941, when he joined Globe Indemnity, Mr. Schroeder has been casualty special representative in Boston since 1946. Mr. Ormond entered the Boston office of Royal-Globe in 1950. He has most recently served as a supervising underwriter in Philadelphia where he now succeeds Henry Haslash who has been transferred to Chicago as associate casualty manager.

## N. Y. State Mutual Agents Assn. Plans Workshop, Ten Regional Meetings

Mutual Agents Assn. of New York State has completed plans for a three day insurance workshop Aug. 25-28, and 10 regional clinic meetings to be conducted throughout the state during September and October.

The workshop will be held at the Sagamore conference center in Raquette Lake, N. Y. Dr. Edward Cundiff, assistant dean of business administration, Syracuse university, will deal with salesmanship and sales management; George Long, special agent of Indiana Lumbermens Mutual, automobile coverages; J. Clifford Evans, New York Fire Insurance Rating Organization, fire rates, changes and violations; and Frank Hayes, special agent of Quincy Mutual Fire, business interruption.

There will be a three hour discussion of package policy production, covering homeowners A, B and C, CDP and tenants forms.

Also slated to speak are L. Justine Gobel, chief of the New York department's complaint bureau, on "How to Avoid Insurance Complaints & Illegal Practices," and Richard H. Barrell, supervisor, financial security section, New York bureau of motor vehicles, on "F. S. Problems in Review."

The regional clinics will be held at Potsdam Sept. 11; Syracuse Sept. 12; Utica Sept. 24; Albany Sept. 25; Buffalo Oct. 29, and Garden City Oct. 30.

## Cornwall Eyes Cover of Commercial Craft Nuclear Powered

Insurance problems which will be involved with nuclear powered merchant ships was discussed by Clifford G. Cornwall, chairman of American Hull Insurance Syndicate; at a symposium at Washington, sponsored by Maritime Administration and Atomic Energy Commission. He pointed out that the institute has a nucleonics committee, which in turn has a hull subcommittee and P&I subcommittee, and that the three committees are seeking a base for underwriting insurance on nuclear powered commercial vessels.

Underwriters presently are not in a position to express definite conclusions on the underwriting of such risks, he said. This inability may perplex those who know that in the spring of 1954 the domestic market, through American Marine Insurance Syndicate for Insurance of Builder's Risks, provided coverage on the nuclear powered submarine *Nautilus* after arrival of nuclear fuel, and in the following year covered the submarine *Sea Wolf*.

However, he explained, the need for collision and P&I on these vessels during the period from launching to delivery to the navy was urgent, and the risks were underwritten without the benefit of fuller understanding needed to provide complete insurance on nuclear powered commercial vessels.

To illustrate the difficulties, suppose underwriters have agreed on rates, terms and conditions for insuring a shore based reactor. Suppose, he said, they are informed that instead of being installed as planned, the shield and contained reactor will be installed as a source of power in a steel hull which will move across the ocean into such ports and places determined only by the need to keep the vessels profitably employed. Immediately the whole problem becomes fraught with many new imponderables.

When the vessel is on the high seas, the liability exposure is minimal except for the threat of collision with another vessel. When the vessel is approaching or leaving a harbor or is moving in congested waters, the hazard of collision rises sharply. When it enters port, the liability exposure increases extremely and the problem of risk appraisal is aggravated by uncertainty of which ports are to be served, what local laws will apply, and what decontamination facilities will be available.

He suggested that underwriters, through their complete records of ship casualties, including accurate information regarding the nature and extent of damage, may be able to assist maritime administration and AEC in formulating ideas on the preferred location of the reactor aboard ship to minimize this sort of damage and collision.

On third party liability, he said, probably the marine underwriters will need to integrate their procedures and practices with those of the nuclear liability pools.

As to damage to the vessel from external sources, including collision and self-sustained damage to the vessel including total loss, the problem will be capacity because the increased cost of the nuclear power plant and the nuclear fuel charge itself.

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## Claim Assn. Completes List of Speakers for Sept. 9-11 Annual Meet

International Claim Assn. has completed the list of speakers for its annual meeting Sept. 9-11 at Chalfonte Haddon Hall in Atlantic City.

Commissioner Howell of New Jersey will extend the welcome on Sept. 9, and Lee Wilks, 2nd vice-president for claims of Lincoln National Life, will give the presidential address.

Also on Sept. 9, President Walter O. Menge of Lincoln National will discuss "This Business of Ours" and James B. Donovan, New York City attorney, will talk on "The Effect of Nuclear Energy Hazards upon Life and A&S Claims."

After the general meeting on Sept. 10, Louis A. Orsini, vice-chairman of Health Insurance Council, will speak on "Your Health Insurance Council." Elmer J. Rasmussen of Continental Casualty, Edmund W. Sours of Aetna Life, and Carl V. Lindstrom of John Hancock, will conduct seminars on personal A&S, group and life, respectively. The seminars will run consecutively.

Speakers on Sept. 11 will be President Holgar J. Johnson of Institute of Life Insurance on "The Function of Management and What it Implies" and Dr. William D. Stroud, chairman of the department of cardiology in University of Pennsylvania's graduate school of medicine, on "Cardiovascular Diseases which Warrant Compensation, and Must they Be Permanent?"

## Security-Connecticut Group Names Hallenbeck at L. A.

Security-Connecticut group has appointed Wayne Hallenbeck claims and loss manager at Los Angeles. He has been claims supervisor of the New England division at the home office.

## Peerless in First Half Shows \$52,000 Underwriting Gain

Peerless had an underwriting gain of \$52,205 the first six months, compared with underwriting loss of \$58,286 in the 1956 first half. Net income totaled \$1,149,057, before net realized capital gains, equal to \$2.09 per share on 550,000 shares outstanding. Of total net income \$735,478 represented a tax refund in the second quarter. In the first half of 1956 net income before net capital gains amounted to \$259,301, or 47 cents a share.

Earned premiums were \$6,839,625, against \$6,168,264. Losses incurred, loss expenses incurred, and underwriting expenses were \$6,787,419 compared with \$6,226,550.

Caledonia-American, subsidiary of Peerless, reported a net loss of \$186,058 for the first six months.

## Cal. Agents Plan Regional Conferences This Month

California Assn. of Insurance Agents will hold a series of regional conferences throughout the state this month to discuss the National association's proposed national advertising campaign and to review results of the 1957 state legislature. Meetings will be held as follows:

Northern California: Sacramento Aug. 19; Chico Aug. 20; Vallejo Aug. 21; Modesto Aug. 22 and San Mateo Aug. 23.

Central California: Bakersfield Aug. 26; Fresno Aug. 27; Oakland Aug. 28; San Jose Aug. 29, and Salinas Aug. 30.

Southern California: Santa Barbara Aug. 19; Lakewood and Los Angeles Aug. 20; Glendale Aug. 21; Redlands Aug. 22, and El Centro and San Diego Aug. 23.

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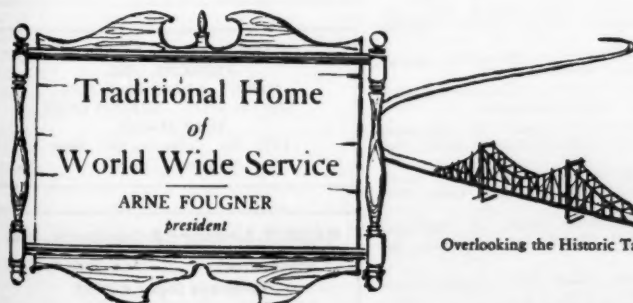
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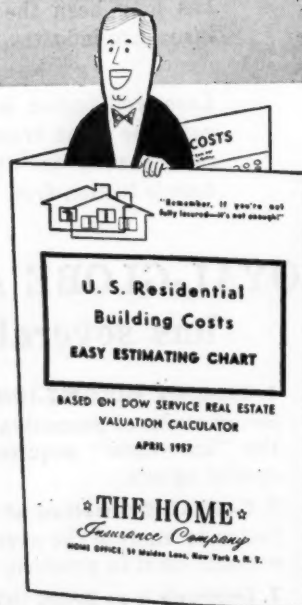
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### Convention Dates

- Aug. 15-17, Louisiana Assn. of Mutual Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park.
- Aug. 22-24, Texas Assn. of Mutual Insurance Agents, annual, Shamrock-Hilton hotel, Houston.
- Aug. 26-27, South Dakota Assn. of Insurance Agents, annual, Marvin Hughitt hotel, Huron.
- Aug. 26-29, Hon. Order of the Blue Goose, International, Grand Nest, Roosevelt hotel, New Orleans.
- Aug. 29-30, Minnesota Assn. of Insurance Agents, annual, Breezy Point lodge, Brainerd, Minn.
- Sept. 5-6, New Jersey Assn. of Insurance Agents, annual, Traymore hotel, Atlantic City.
- Sept. 8-10, West Virginia Assn. of Mutual Insurance Agents, annual, Stonewall Jackson hotel, Clarksburg, W. Va.
- Sept. 8-11, International Claim Assn., annual, Chalfonte-Haddon hall, Atlantic City.
- Sept. 9-12, National Assn. of Insurance Agents, annual, Chicago.
- Sept. 12-13, Conference of Mutual Casualty Companies, sales and agency conference, Conrad Hilton hotel, Chicago.
- Sept. 15-18, Idaho Assn. of Insurance Agents, annual, Sun Valley.
- Sept. 16, Vermont Assn. of Insurance Agents, annual, Lake Morey inn, Fairlee.
- Sept. 16-17, Minnesota Assn. of Mutual Insurance Agents, annual, St. Paul hotel, St. Paul.
- Sept. 16-19, Michigan Assn. of Insurance Agents, annual, Grand hotel, Mackinac Island.
- Sept. 17-20, Mutual Loss Research Bureau, annual, Edgewater Beach hotel, Chicago.
- Sept. 18-19, New Hampshire Assn. of Insurance, annual, Wentworth-by-the-Sea hotel, New Castle.
- Sept. 18-20, Washington Assn. of Insurance Agents, annual, Olympic hotel, Seattle.
- Sept. 19-20, Nebraska Assn. of Insurance Agents, annual, Sheraton-Fontenelle hotel, Omaha.
- Sept. 20, Delaware Assn. of Insurance Agents, annual, Rehoboth Country club, Rehoboth.
- Sept. 22-24, Nevada Assn. of Insurance Agents, annual, Sahara hotel, Las Vegas.
- Sept. 22-24, Oregon Assn. of Insurance Agents, annual, Eugene hotel, Eugene.
- Sept. 23-24, South Dakota Assn. of Mutual Insurance Agents, annual, Sioux Falls.
- Sept. 24-25, South Carolina Assn. of Insurance Agents, annual, Ben Air hotel, Augusta, Ga.
- Sept. 26-27, Oklahoma Assn. of Mutual Insurance Agents, annual, Skirvin hotel, Oklahoma City.
- Sept. 29-Oct. 1, Pennsylvania Assn. of Insurance Agents, annual, Pecono Manor inn, Mount Pocono.
- Oct. 1-3, Society of Chartered Property & Casualty Underwriters, annual, Waldorf-Astoria hotel, New York City.
- Oct. 3-4, Mountain States Assn. of Mutual Insurance Agents, annual, Denver.
- Oct. 6-9, National Assn. of Casualty & Surety Agents, annual, Greenbrier hotel, White Sulphur Springs.
- Oct. 6-9, National Assn. of Casualty & Surety Executives, annual, Greenbrier hotel, White Sulphur Springs.
- Oct. 13-16, National Assn. of Mutual Insurance Agents, annual, Sherman hotel, Chicago.
- Oct. 15, Louisiana Assn. of Insurance Agents, midyear, Bently hotel, Alexandria.
- Oct. 14-15, Arizona Assn. of Insurance Agents, annual, Westward hotel, Phoenix.
- Oct. 16-18, National Assn. of Independent Insurers, annual, Edgewater hotel, Chicago.
- Oct. 17, Inter-Regional Insurance Conference, annual, Plaza hotel, New York City.
- Oct. 17-18, Pacific Fire Rating Bureau, annual, Camelback Inn, Phoenix.
- Oct. 19-23, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.
- Oct. 21-22, Insurers of Tennessee, annual, Chattanooga, Read House.
- Oct. 20-22, Kansas Assn. of Insurance Agents, annual, Baker hotel, Hutchinson.
- Oct. 20-22, Maryland Assn. of Insurance Agents, annual, Lord Baltimore hotel, Baltimore.
- Oct. 20-23, National Assn. of Mutual Insurance Companies, annual, Jung hotel, New Orleans.
- Oct. 21-23, California Assn. of Insurance Agents, annual, Hotel del Coronado, San Diego.

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# COMMENTS

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# OBSERVATIONS

## Book Tells Story of Chubb's 75 Years

Chubb & Son has published a handsome, illustrated history of its first 75 years, written by Thomas Caldecot Chubb, a grandson of one of the founders of the insurance firm, and son of Hendon Chubb. The author is not an insurance man but a biographer and historian by profession.

The title of the book, "If There Were No Losses," is taken from an old proverb, "If there were no losses, there would be no premiums."

The author does a particularly good job of putting insurance in its true form against the background of the events of 75 years—spectacular, catastrophic and otherwise. The firm was founded April 3, 1882 by Thomas Caldecot Chubb and his son, Percy Chubb, both of whom previously had been in the insurance business. They organized New York Marine Underwriters on the structural pattern of Lloyds, though with essential differences. NYMU consisted of a group of 100 investors, each of whom subscribed \$1,000 plus \$100 for the expense of opening the office, and each of whom had unlimited liability for his share of such risks as his attorney, Chubb & Son, might assume. Today there are several stockholders of Federal whose fathers or grandfathers made their initial investment when NYMU was founded.

Chubb & Son wrote its first war risk insurance in the Spanish-American War. At one point, a wave of panic swept the Atlantic seaboard and Percy Chubb took personal charge of writing war risks, offering complete coverage at sea and bombardment protection for houses ashore. The rates for the latter were one-fourth percent above 42nd

street and one-half percent below it—and 1% along the Jersey shore. There were no losses and the Chubb companies managed to show a profit in a bad insurance year.

In 1895 Hendon Chubb joined the firm, the youngest son of Thomas Caldecot Chubb, and today is the senior partner. His career has been a brilliant and long one, his contributions have been many and exceptional, and he is regarded as the dean of the insurance business.

Recognizing the limitations of the type of organization of NYMU, the Chubb organization formed Federal, with Percy Chubb as president, Hendon Chubb as vice-president, and Chubb & Son as general manager. This was in 1901. One purpose for changing the organization to a stock insurer was to permit expansion of business. However, for some years, 1903 to 1911, much of the Chubb business dealt with marine—lake hulls, flour, cotton, flax seed, sugar, steel, yachts, war risk (the Russo-Japanese War), Yukon gold, etc.

A story characteristic of the organization is that of Hendon Chubb, who learned that City Bank was making large gold shipments, principally transatlantic, and, by his enterprise, secured the account. The first loss occurred before a policy had been made out or a bill sent. However, Chubb & Son regarded the verbal agreement as binding and sent a check for payment in full the day the loss was announced in the press.

Another story is of Percy Chubb, who had introduced an all risk policy for coverage of flour till it arrived at its destination, not merely safe but in good condition. The business became unprofitable because of heavy claims and many underwriters withdrew. Mr. Chubb, with the full cooperation of the flour mills, hired an expert in this field to establish a careful system of tracing to find out when and where the damage occurred. The insurers then could sue. This brought the business out of the unprofitable class.

Later on cotton, one of Chubb & Son's most important lines, became unprofitable and Percy Chubb and William G. Willcox of Albert Willcox & Co. spearheaded a movement to form the first cotton reinsurance pool. Hendon Chubb was named chairman of a conflagration committee to try to solve the important questions of dangerous fire concentrations at Galveston and other southern ports. Great improvements were made in cotton storage and handling.

In connection with the San Francisco earthquake and fire, the Chubb organization faced the question of whether to send someone from the east to the west coast. The decision was made to do so, and E. C. Gibbs of the Neare Gibbs agency at Cincinnati was sent with full powers to settle direct claims and keep an eye on a German company whose shaky condition involved Chubb through reinsurance (it failed as a result of a fire). There, he found Federal had been erroneously listed by a San Francisco newspaper

## Lay Cornerstone for Wabash F.&C. HO

Henry F. Schricker, president of Wabash F.&C. and former Indiana governor, presided at the cornerstone-laying ceremony for the company's new home office building in Indianapolis.



The building, which is to be completed early in 1958, will have 30,000 square feet of floor space, will be completely airconditioned, and will provide for an employees' cafeteria and dining room. Although it will initially be only three stories in height, plans are incorporated in the building's design to enable addition of two more stories and an additional extra wing in the future.

Included in the audience at the ceremony were present Gov. Hanley of Indiana, and Commissioner Palmer.

as one of those that would not pay their claims in full. Efforts to secure a retraction failed until Hendon Chubb remembered that they had made an extremely fair settlement with the Roman Catholic bishop. He was told of the problem and a correction was published in two days.

The book tells how Chubb & Son handled war risk business in World War I. Chubb built war risk volume vigorously, but eventually the London and American markets proved inadequate to meet the demand. Hendon Chubb and other insurance representatives helped get the government's War Risk Bureau established. Mr. Chubb became director of insurance for the Shipping Board and was adviser to the Treasury Department on the handling of insurance matters under trading with the enemy act. Under his guidance American government insurance supplemented rather than competed with private firms.

In the years between the two world wars, Chubb & Son bought controlling interests in U.S. Guarantee—later to be merged with Federal; opened its first branch in Chicago in 1923 and later expanded its branches; developed its large inland marine business; established in 1928 Associated Aviation Underwriters in which Chubb & Son always has maintained a 50% interest and of which they have always been co-manager, and moved into a new home office at 90 John street in the general insurance district.

Chubb had tried fire insurance and then, after unprofitable experience, withdrew from that field. It was not till 1933 it found the type of personnel it wanted to reenter the fire business. It formed Vigilant in 1939 and Federal of Cuba in 1941. A Chubb & Son partner played a leading part in the formation in 1939 of American Cargo War Risk Reinsurance Exchange, which enabled the American market for the first time to act independently of other markets at the time of the world crisis.

The organization formed Chubb & Son Indemnity, but then had an opportunity to acquire U.S. Guarantee and took that route. Eventually Chubb & Son Indemnity was liquidated.

The book recalls that with the rumblings of World War II in 1939, those in charge of the hull department discovered they did not know as much as they would like about the Strait of

Magellan. Considering the possibility that the Panama or Suez canals might be bombed and that the treacherous but deep Magellan might become a widely used seaway, the organization saw to it that there was a complete survey made of the strait. It was in 1939 that underwriters, including those from Chubb & Son, pressed for the formation of American Cargo War Risk Reinsurance Exchange. Percy Chubb II, now president of Federal, became a director of war risk insurance for War Shipping Administration.

In 1946 Hendon Chubb, although remaining the senior partner, withdrew from executive direction of Chubb & Son, which he had assumed in 1911.

The philosophy of Chubb & Son, as expressed by Percy Chubb II, is that the development of a better product at a lower price with consequent competitive advantage is the life blood of American economic strength. Where the development is soundly conceived, both the seller and the buyer benefit; where it is unsoundly conceived, the seller is the first to suffer. In insurance matters "the public interest requires two things: (1) strong grouping of old line companies providing a broad market for all types of insurance and (2) independent companies, such as ourselves, who are willing to experiment on a selective basis, and who might be considered the pilot plant operation for the whole industry."

However, the book points out, Chubb & Son's intention is to carry out this congenial role of "independent experimenter" in those areas where they are "satisfied there is a fair opportunity" (but not a dead certainty) of underwriting profit. The book notes that not all the innovators exercise that kind of caution.

*Crew War Risk Insurance, World War II and After*, a new pamphlet on the subject, has been published by Maritime Administration at \$1. Included are details with respect to each type of risk covered, procedures used in processing claims, the identification of persons covered, and the nature and extent of coverage presently afforded. It is available from U. S. Department of Commerce, Commerce building, Washington 25, D. C.

Royal has signed a 10-year lease on space in 2025 Canal building, now under construction in New Orleans.

## Family Celebrates 100th Anniversary in Insurance

The Downing family of East Norwich, N. Y., is celebrating its 100th anniversary in the business this year.

In 1857, when a mutual company's officers were its principal agents, George S. Downing became director and treasurer of the old Glen Cove Mutual. His son, Richard Downing Sr., inherited those offices from his father in 1901, and was elected president of the company in 1916.

Richard Downing Jr. joined the agency in 1907, became director of Glen Cove Mutual upon his father's death in 1922, and continued to hold that position until the company was sold to Kemper interests in the 1940s. He was also principal owner of O'Keefe, Hutchinson & Downing, a corporate agency in East Norwich, and in 1938 opened his own agency there with his son Walter P. Downing, under the name Richard Downing & Sons. He retired from active management of the agency last January.

Prior to joining his father, Walter P. Downing was with U.S.F.&G. and Glens Falls. He is now president of the agency.

Another son, James V. Downing, has been a local agent in St. Petersburg, Fla., since 1952. Before that, he worked in various capacities for North America, Continental Casualty, Century Indemnity and Aetna Fire.

## Court Rules on Two Assault Cases

(CONTINUED FROM PAGE 11)

failed to agree upon a verdict and a mistrial was declared.

Kindelspire then amended his complaint to allege that the injury had been inflicted carelessly as well as wilfully and intentionally. On trial, the jury returned a verdict in favor of Lawrence and the verdict was affirmed.

Northwest Casualty declined to de-

fend Lawrence, who hired other counsel. After the second trial and while the appeal was pending, the attorneys submitted to the insurer a bill for \$6,500 plus costs.

Northwest Casualty offered to pay \$3,000 attorneys fees plus the taxable costs which had accrued. This also was declined and the case went to trial.

The court held that under the pol-

icy Northwest Casualty was liable for reasonable attorneys fees and costs from the date the second complaint was served to the date the offer of judgment was made. It found the sum of \$1,500 to be a reasonable fee for the second trial and \$750 a reasonable fee for the appeal. These amounts were added to the accumulated costs, and judgment was entered against Northwest Casualty for \$2,985. Lawrence and his lawyers appealed.

Lawrence argued that the term "assault and battery" in the policy is ambiguous since it could mean either criminal or civil assault and battery. The court disagreed. It said that if an insurance contract is fairly susceptible of two different interpretations, the one most favorable to insured must be adopted—but, "the rule has no application where the provisions of a policy are neither ambiguous nor difficult of comprehension." It is apparent that the parties to the liability contract could have had reference to nothing but a civil assault and battery, the court stated. The policy was issued to protect the plaintiff against claim for damages, not against prosecution for crimes. Such protection would, indeed, have been unlawful. In defining "accident," an assault and battery committed by or at the direction of the plaintiff was excluded.

Thus damage suits based upon assault and battery were excluded.

As to Lawrence's contention that the insurer was obligated to investigate any occurrence reported to it by its insured, the court ruled that "it is clear that the investigation of the occurrence was a matter which rested within the discretion of the defendant, and its obligation to the plaintiff arose only when suit was brought, alleging an accident arising out of negligence, which was within the terms of the policy." The defendant's liability did not arise until the serving of the second complaint, which had been amended to include an allegation of negligence.

As to the propriety of the fees

sought, the court ruled that Lawrence had not furnished authority for his proposition that since he was satisfied with the fee charged him by his attorneys, he was entitled to recover. The rule in cases of this kind is well settled, the court said. If a policy contains a provision that insurer will defend a suit brought against insured, founded upon a claim which is covered by the policy, if insurer fails to defend, it is liable to insured for expenses in a reasonable amount incurred by the plaintiff in defense of the action.

Though Lawrence offered no testimony that the fee charged him was reasonable other than it was in line with fees that his attorneys charged other clients, the insurer's expert witness testified that an amount considerably less than that set by the trial court was reasonable for the services rendered. The high court did not disturb the finding of the lower court as to the fees.

Frederick B. Cohen, John E. Bowen and Kenneth J. Lewis appeared for Lawrence; Rode, Cook, Watkins & Orth and William R. Thomas for the insurer.

### Plan Ohio Agents Schools

Ohio Assn. of Insurance Agents will sponsor an advanced agency management school to be held Aug. 18-23 at Bowling Green state university. Other schools scheduled to be held in 1958 are: Fundamentals of property insurance workshop and fire and casualty rating school, Jan. 12-17, Granville; property insurance workshop, March 16-21, Kent state university; property workshop, fire and casualty rating school and advanced agency management school, June 22-27, Lake Erie college; office procedures institute, Aug. 24-29, Ohio Wesleyan university, and property workshop and fire and casualty rating school, Nov. 16-21, Ohio university.

J. Richard Rockstroh has joined his father John C. Rockstroh in the Rockstroh agency of South Bend. Richard graduated from Indiana university in June.



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## Use of Manuals to Feature N. J. Card

The annual convention of the New Jersey Assn. of Insurance Agents at the Traymore, Atlantic City, Sept. 5-6, will open Thursday with reports of the finance, fire and allied lines, and education committees. Harold Feuerstein, general counsel, will report, and President Alan H. Miller of Hackensack, will give the report of the administration. The election will follow.

That afternoon the committees on accident prevention, public relations, agent's qualification and legislation will report. Roy H. MacBean of Cranford, state national director, will give his report. A panel will discuss "Manual Magic" with Mr. MacBean, Herbert D. Young, special agent of Niagara at Newark and Paul S. Parris, resident vice-president at Newark of Fidelity & Deposit. Robert L. Darrell of Englewood will be moderator.

Mr. Miller will preside at the presentation of the NALA advertising program, which will be made by Sydney DeRoner, Newark, who is New Jersey campaign manager of the program, and Franklin Schaffer of Doremus & Co., New York advertising agency. That evening there will be a reception and dinner dance.

Friday morning the 1958 65th mid-year convention, which will be a cruise to Bermuda, will be discussed. Henry A. Franz, Clifton, will talk about road aid.

## Advocate D. C. Taxicab Insurance Regulation

WASHINGTON—Metropolitan Regional Conference, representing the District of Columbia, Maryland and Virginia, has unanimously approved the possibility of setting up an interstate or interarea agency to regulate taxicab insurance requirements.

The conference heard a report by Arthur T. Sonnenberg, transit coordinator of the District of Columbia public utilities commission, showing wide fluctuations in cab insurance requirements ranging from 5/10/1 for District of Columbia cabs to 50/100/25 for those serving National airport across the Potomac river.

"It is rather ridiculous to have such an irresponsible system," said Robert E. McLaughlin, head of the D. C. board of commissioners, who advocates establishment of a greater Washington governmental area setup to plan, regulate and deal with transportation facilities, water supply, etc.

## Eye Idea of U.S. Paying for Extra Hazard Job Damage

WASHINGTON—The budget bureau is studying a proposal that the government indemnify contractors on extra-hazardous jobs in case they suffer damage or injury. The idea is that a contractor on an atomic energy project, for example, may suffer or sustain loss from radiation, and that government should make him whole. The same principle would apply to other hazardous contract work.

Legislation would be necessary to carry out the idea. Several years ago the government had similar indemnification authority on hazardous government contract work.

## Brokers Want FAP for Family Corporation Cars

Greater New York Insurance Brokers Assn. has asked the executive committee of National Bureau of Casualty Underwriters to reverse the decision of the bureau's automobile rating committee that the family automobile policy is not available on private passenger cars owned by small family corporations. The request of

the brokers was made originally May 1.

The brokers contend the position of the bureau is unreasonable and violates state and federal laws.

## Kershaw to HO of American Home

George A. Kershaw has joined American Home group and will be associated with Russell J. Scott, vice-president, in multiple peril and inland marine operations. His new duties will include both production and underwriting. He was western Pennsylvania special agent of Atlantic companies and most recently Pittsburgh marine manager of Employers group. He also was formerly an underwriter in the Pittsburgh office of Fred S. James & Co.

Donald E. Blakeslee has been named state agent in Ohio and Kenneth J. Huelin state agent in Maine and New Hampshire. Both were formerly with Security of New Haven. Mr. Blakeslee had been with Security 34 years. Mr. Huelin entered insurance in 1930 in the agency field.

## Make UM Part of Auto Liability Policy in N. H.

The New Hampshire legislature has passed a bill making uninsured motorists cover a part of the automobile liability insurance policy. The coverage, now available in endorsement form for \$3, would become a part of the basic auto liability policy Sept. 1. This is the route taken politically in New Hampshire as an alternative to compulsory, for which there was considerable pressure.

New Hampshire long has had a statutory automobile policy. The UM cover would apply in New Hampshire.

At the same time, the legislature strengthened the financial responsibility law to require motorists to prove financial responsibility after conviction the second time for speeding, even though not involved in an accident.

Forest Ins. Co. of Atlanta is accepting timber coverage in 147 of Georgia's 159 counties, those protected by the Georgia forestry commission, and is writing three classes of coverage—one on unmarketable sized pine trees, another on unmarketable trees in a burned area, and the third on marketable sized pine and hardwood trees. The coverage insures against fire, and the company reinsures in London. The company was founded by Georgia timber owners.

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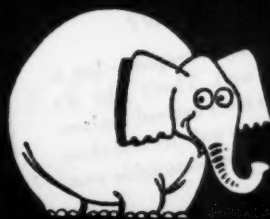
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## Some Agents Make Calls, Grow in Auto Risks

(CONTINUED FROM PAGE 1)

most frequently criticized. They "make" the virtues of the so-called agency system. In fact, though there are many successful agents who do not become leaders in association work or who, even, do none, success in agency association activity is one test of performance which does mean something. (A company that appointed only agents active in association work probably would have little trouble with production and might very well get better underwritten business.)

The sampling bears out what has been apparent, that there is, even in a highly select list of agents, a quite wide range, agency to agency, in respect to volume and character and distribution of business. If all local, independent agents were asked these questions, it is certain the range would show even more strongly. It has been charged frequently in recent years that local, independent agents do not make calls. Consequently, the first question was:

How many personal calls have you or your agents made on prospects in the past 30 days, how many on insured, and how many phone contacts were made in the same period with prospects and with insured?

The failure of agents to make calls most frequently has been pointed out in connection with automobile insurance. A survey made by a competent outside research firm in the past year revealed that, on a countrywide sampling, fewer than 5% of automobile insured had, up to that time, been solicited for this kind of insurance by a local, independent agent. Therefore question two was:

How many automobile risks have you lost since Jan. 1, 1957, (a period of three to four months)? Where it can be determined, how many were lost to insurers writing at a price discount, to

one-company agents, and to local, mutual agents?

Multiple company agents (and their companies) have been especially criticized for their failure to grow in the automobile field as rapidly as one-company agents and their insurers. Yet multiple company agents have accounted for approximately two-thirds of the increase in auto premiums since 1940, even when the automobile physical damage business of finance company insurers is included with that of so-called direct writers. The third question was:

How many new automobile risks have come into the agency since Jan. 1, and by what route—solicitation by phone, personal call, advertising, reference of clients, etc.?

The fourth question was:

How many automobile risks do you have on your books today, commercial and private passenger?

And the fifth question:

How many automobile risks did you have on your books Jan. 1, 1956, commercial and private passenger?

In answer to the first question, relative to personal calls on prospects in a period of 30 days, those agents answering indicated that they made as few as none and as many as 360. The average was 47. Only five reported fewer than 10 personal calls on prospects and only one of these reported none but with the added comment that his agency got in touch with insured personally or by phone before every renewal.

There is, of course, a considerable number of telephone contacts with insured in the ordinary routine of an agency's business today, and this is reflected in the figures. One agency made six personal contacts with prospects in 30 days but 50 personal contacts with insured; six telephone contacts with prospects and 100 telephone contacts with insured, which was characteristic of the other agencies reporting less than 10 personal contacts with prospects. In almost all cases, the number of contacts with and calls to insured was very substantially larger than the number of contacts or calls on prospects. This is natural, if an agency is properly taking care of its business and has a good business.

The number of personal contacts within 30 days with insured ranged from a low of 20 to a high of 960 and many of the agencies made 100 or more personal contacts with insured. The average was 57.

The survey also demonstrated that agencies make extensive use of the telephone, not only to handle business with insured but also to develop business with prospects. The survey showed that agencies made from no telephone calls in one instance to a high of 145 telephone calls with prospects for an average 22.7. However, the number of telephone contacts with insured ranged from a surprising zero to an even more surprising 1,800, for an average of 183.

The zero answer in one instance apparently was due to the fact that the agency thought the first question dealt solely with automobiles, and that particular agency showed no interest whatever in automobile business.

The agencies reported the loss in three to four months following Jan. 1 this year of automobile risks from zero to a high of 255, for an average of

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approximately 20. Many agencies reported the loss of only two or three automobiles. The number lost to insurers selling at price discounts ranged from zero to 20 and averaged 5.6; the number lost to one-company agents ranged from zero to 20 and averaged 4.7, and the number lost to local, mutual agents ranged from zero to five with an average of 1.1. However, here the surprising thing was that the loss of business in most cases was by no means entirely to price competition. More than half the agencies reported that automobile risks they had lost did not all go to price competition—presumably they were lost to competing agents selling at the same premium.

The survey also showed that more than 90% of the agencies gained more new automobile risks than they lost to any competition. The gain for the agencies ranged from zero to 403 with an average of 41.1. One agency lost two and gained 90. One company lost 255 automobile risks but put on 403 and only about 10 of these were lost to price competition.

The replies to the question relating to how the business came in, by direct or indirect effort, indicate that the more automobile risks the agency has, the more they come in without direct effort. Where the agency's automobile account was fairly small, the new business went on mostly as a result of direct effort.

Answers showed from 125 to 4,500 auto risks on the books, with an average of 982. The division between commercial and private passengers was about 15 to 85. Agencies reported from 25 to 700 commercial risks and 240 to 3,600 private passenger cars, with the averages for these two categories 166 and 792.

The number of automobile risks on the books of the agencies surveyed ranged from 250 to 4,500 with an average of 905. However, again there was a marked lack of interest in automobile on the part of several agents, who did not answer this question.

Agents also were asked whether direct writer competition was increasing. Of those answering, 40% indicated that there had not been an increase in the past year in the number of agents representing direct writers, 60% said there had been. The latter indicated that the number of new direct writer agents in their competitive area ranged from one to five.

In about one-third of the competitive areas, agents indicated that direct writer agents (from one to 10) had gone local, independent agency in the past year.

Most of the agents with substantial automobile business, when asked how frequently insured or prospect brings up price as a factor, indicated that price was an important factor. One agent said it is in 60% of the cases, another in 75% of the cases, a third "not often," another "very seldom,"

still another "almost always," "seldom," 30%, on dwelling none but on auto 5%, one out of 10, seldom, not frequently, 50% of the time, 75%, seldom, 80%, quite often on auto but not so on homeowners, not too much, none, 50%, 50%, very seldom, 20%, seldom, one out of five, not more than 25% of the time, 25%, etc.

Several agents reported that their companies had tightened up on underwriting. One agent who represents 26 automobile insurers said all had become more restrictive. However, exactly half those answering indicated there had been no tightening up on automobile underwriting.

More than two-thirds of the agents indicated they thought present automobile classification plan used by the agency companies was as realistic as anything yet devised, both as to competition with companies using a different classification and as to exposure of insured automobiles.

One agent commented that the rates used by the companies for under-25, unmarried is practically "prohibitive. While we do believe that this rate might be justified on certain drivers, we have found that some of the companies using independent classifications, such as the Farm Bureau, are writing these under-25 male drivers at very reasonable rates after screening out those they consider undesirable. Several of our local agencies feel that unless the young driver is written while under 25, it will be impossible to obtain his business when he gets beyond that age. In our opinion, 75% of these drivers can be written at reasonable rates and a profit made on the business. The other 25% should not be written at any rate." (This agent indicated that in one of his companies in 1956 he produced an 8.8% automobile liability loss ratio.

One agent likes the classification plan but not the territorial pattern.

Another agent writes: "It has been my personal feeling that the present classification system has given rise to much misunderstanding and at the same time has played to some extent into the hands of those specialty writers who do not write an across-the-board book of business, but who try to skim off the cream with reduced rating or who are willing to take the dregs at a penalty rate. There is some merit in the classification system as the solution to the rating problem, but I do feel that the system gives rise to many inequities."

Another agent writes: "Of the classification systems which I have used the present seems to be by far the best but still leaves much to be desired. Obviously, statistics still are kept in a manner to show the ratemaker the answer that he wants to know. If statistics were kept according to the driver's religious preference, it might show that the Methodists are entitled

(CONTINUED ON NEXT PAGE)

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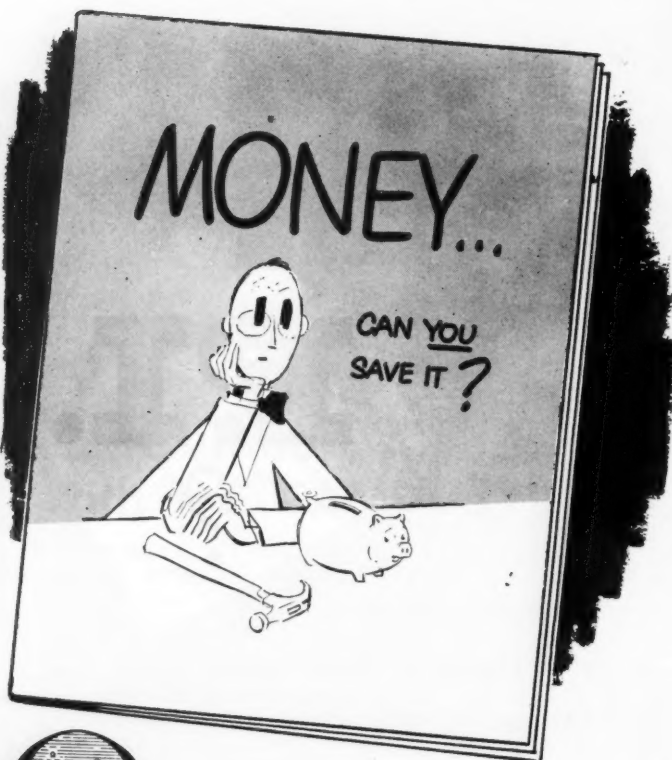
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(CONTINUED FROM PRECEDING PAGE)  
to a lower rate than the Baptists, and hence prove nothing."

One agent likes the present classification plan because it is realistic but believes "that there never can be devised a purely actuarial manner of rating auto liability and property damage insurance."

"The 1-C classification is justified in areas which are not dominated by large cities," was another comment. "We know that the companies contend that 1-C experience is not good, but I suggest that it is because there has been adverse selection in this class."

Agents were emphatically opposed to getting signed applications for automobile insurance. One agent said he was already getting applications signed by insured at the request of his companies, indicating that this is a matter of underwriting option.

One agent admitted that he supposed it would help produce more accurate information for company underwriting purposes than the present practice, "but I'd hate to see it." One agent admitted, without comment that yes, it would produce more accurate information.

"The experience with the signed applications has not been good," another agent commented. "Quite frequently we can get all the information an underwriter needs over the phone, and it can be verified by credit reports, court records and motor vehicle records. Certainly, that should accomplish anything that a signed application would and perhaps more. Getting signed applications increases agency costs considerably, and rising agency costs are more of a direct enemy than direct writers ever were."

Another agent commented that he did not believe the application would produce substantially more accurate information than present practice "and it would add a tremendous amount of extra work in the agencies."

Another wrote: "Absolutely not! We'd go nuts trying to get these insured to sign, especially on renewal."

Another: "Heaven forbid! We can't keep up with the forms and applications now and it is very unrealistic to think that we could get insured to sign applications."

Some of the more general comments were interesting. One agent wrote:

"In my estimation we have nothing to fear from the direct writer competition because the difference between them and me is *me*. If I can't sell myself and the service I provide, I had better take another job. The man who buys on price can also be taught to buy on quality."

One agency has a planned sales

program with prospects being given to each of its salesmen, and under this plan approximately 1,000 calls are made a month, of which 85% are present insured and 15% are prospects. This agency has about 5,000 automobile risks, and points out that price is always a factor in making a sale of insurance. Even if the man is ready to buy, he casts about for some way to reduce the premium. He may want to increase the deductible from \$50 to \$100, he may want to check the cost of reducing the liability limits, but certainly price is a factor in almost every sale.

The same agent points out that one direct writer is its principal competition but in this territory that company will not write any automobile used more than 20,000 miles per year, nor will it write any class 3 automobiles. That company is not writing any class 2-C automobiles. Its salesmen have order blanks in pads of 25—and only four out of the 25 can be written on an automobile belonging to a family in which there is a driver under 25.

Recently the policyholder in another similar insurer had a boy who received his driver's license and the father wrote to tell the company that the boy would be driving some. The company did not acknowledge the letter but sent a registered notice of cancellation. In another similar instance the policyholder reported the theft of an outside rear view mirror costing \$5 and about two months later a brick fell off a church building and hit his car while it was parked—at that point the company sent notice of cancellation.

From another part of the country an agent writes: "For some time now it seems to be that we have been taking from direct writers slightly more than they have been taking from us. It is likewise true that most of our policyholders realize that they can buy for less. This probably means that they think our services are worth something—I hope no one disillusioned them."

Finally, one agent commented: "Our agency represents stock and bureau companies only. The latest increase in rates by the bureau companies will have a further effect because the direct writers, even though they have increased their rates slightly, leave too big a difference. Obviously we will lose more business than ever. The situation is alarming."

Byington, Rychard & Hurley local agency of Portland, Ore. and Seattle has dissolved and has been reorganized into two separate agencies, Byington & Rychard Inc. in Seattle and Hurley & Co. in Portland.

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## N. Y. Rules on Insurance Sale by Auto Dealers

(CONTINUED FROM PAGE 7)

Barclay, the seller, through his ownership or control of the licensee, reaped the profits from this captive insurance business."

The attorney-general went on to point out that the differences in the facts between the situation where the dealer, through ownership or control of the licensed insurance agent or broker, funnels insurance business to the agent or broker, arise from the sale of a product under conditional sales contract, and the relationship between the subsidiary insurance agency or brokerage corporation and apparent finance company are without distinction. He further said that section 442-a of the penal law reflects a legislative intent to prohibit the coercion of the purchaser of property on conditional sales contracts, and that this legislative intent has a bearing in resolving the problem. It would be a travesty on the law to accept the form in which the discount company dealer has cloaked its role in this (the Barclay) plan, instead of recognizing the reality of its interests, the attorney-general said.

Consequently, Mr. Harris concludes, the insurance superintendent is empowered by sections 114(4) 119(4) and 188(1) (2) of the insurance law to refuse to issue a license, suspend it, or revoke it to the producer of insurance where the applicant or licensee is owned or controlled by a dealer—if the superintendent finds that the net commissions received in the 12 months immediately preceding or to be received by the applicant in the next 12 months resulted or will result from insurance on risks covering property sold under conditional sales contracts by the dealer.

The ruling and its release indicate that the department is coming to grips with the problem of insurance coverage in connection with installment sales, presumably as one phase of its current study of all credit insurance activities in the state.

## Fire Rate Bureau Problems Viewed by McKown

(CONTINUED FROM PAGE 9)

of the bureau's mechanics, to find ways of reducing work detail, especially time consuming and costly paper work. Effort will be made to find and eliminate duplication of effort between bureau and its regional branches, bureau and companies, and bureau and producers. It will try to simplify its work processes, and to short-cut and eliminate wherever possible. What can be accomplished will directly affect clerical costs of producers and companies.

A study will be made of simplifying the rating program as a whole, and of eliminating as much detail as seems practical and possible. This kind of streamlining is vastly important in view of today's heavy costs and should bring improvement all along the line.

This is, he said, a sizeable job and will take time. One rating bureau problem is partial subscribership, he said. No company has to belong to a rating organization. It can act independently, or, having established membership or subscribership in a rating bureau, it may deviate at its choice so far as in so doing it complies with the deviation section of the law.

He said the would-be partial sub-

scribers are attempting to sidetrack their normal deviation privileges by completely withdrawing from rating bureau services for specified classes of risks, and to rate and handle those risks independently. They apparently would like to utilize the services of the bureau where it is convenient for them to do so, and be free to go their own way where they find it convenient to do that.

Mr. McKown doubts that rate making organizations can continue to serve the fire business as adequately as in the past if the partial subscribership principle is to be thrust upon them to the extent now being attempted. Some feel that if unlimited partial subscribership is to be mandated by law, the future of these bureaus will be at stake.

Pacific Fire Rating Bureau has been engaged in hearings in Arizona, Nevada, and Utah. Following the hearing before the Arizona commissioner in that state, the contestants have moved into the Arizona courts where the legal aspects of the issue will be tested under the all industry type of insurance law. The final outcome of this litigation will be significant to producers as well as members and subscribers of PFRB, he said.

## Detroit Buyers Elect

### W. A. Johnston President

Insurance Buyers Assn. of Detroit has elected W. A. Johnston, Chrysler Corp., president; F. L. Kiernan, Michigan Consolidated Gas Co., vice-president; E. D. Damon, Parke Davis & Co., secretary, and N. H. Siegel, Detroit Steel Corp., treasurer.

## List U.C.L.A. Insurance Classes

University of California Extension has completed its program for insurance classes to be held at Los Angeles, Riverside and San Diego. The schedule is: Insurance principles and practices Sept. 16; general insurance and property insurance Sept. 17; casualty insurance and principles Sept. 18, and fire tariff rules and rates Sept. 19.

## Md. Casualty Makes Changes in Fire

Maryland Casualty has appointed William J. Monahan manager of the home office fire department, succeeding P. C. Chrysler. Mr. Monahan joined the company in 1955 as manager of the fire and marine department at Newark. Previously he was with Fire Insurance Rating Organization of New Jersey 15 years.

Ernest Alderman will continue as manager of the marine department.

Mr. Chrysler, as an assistant sec-

retary, will have general supervision of both the fire and marine departments under direction of Vice-president F. John Barclay.

James F. Keating, formerly with Niagara, succeeds Mr. Monahan at Newark.

Animal Ins. Co. has been licensed by the New York department. It will write annual mortality policies on U. S. and Canadian pedigreed dogs. The company, headed by Milton M. Weiss, has an authorized capital of \$1 million with \$300,000 paid in. Offices are at 92 Liberty street, New York.

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Assistant Editors: John B. Lawrence Jr.  
and Robert Young Jr.

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Assistant Editors: Richard J. Denahue,  
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Advertising Manager: Raymond J. O'Brien

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Telephone Parkway 1-2140

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ATLANTA 3, GA.—423 Hurt Bldg., Tel.  
Murray 8-1634. Fred Baker, Southeastern  
Manager.

BOSTON 10, MASS.—80 Federal St., Rm.  
335, Tel. Liberty 2-1402. Roy H. Lang, New  
England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd.,  
Tel. WAbash 2-2704. O. E. Schwartz and  
A. J. Wheeler, Chicago Managers. R. J.  
Wiegman and William D. O'Connell, Resi-  
dent Managers.

CINCINNATI 2, OHIO—420 E. Fourth  
Street, Tel. Parkway 1-2140. Chas. P. Woods,  
Sales Director; George C. Reeding, Associ-  
ate Manager; Arthur W. Riggs, Statistician.

DALLAS 1, TEXAS—708 Employers Insur-  
ance Bldg., Tel. Riverside 7-1127. Alfred E.  
Cadis, Southwestern Manager.

DENVER 3, COLO.—334 Commonwealth  
Building, Tel. Amherst 6-2725. Fred L.  
White, Rocky Mountain Manager.

DES MOINES 9, IOWA—327 Insurance Ex-  
change Bldg., Tel. Atlantic 2-5906. D. J.  
Stevenson, Resident Manager.

DETROIT 26, MICH.—613 Lafayette Bldg.,  
Tel. Woodward 5-2365. William J. Gessing,  
Manager for Indiana and Michigan.

INDIANAPOLIS 20, IND.—5634 N. Rural St.,  
Tel. Clifford 3-2276, William J. Gessing,  
Manager for Indiana and Michigan.

MINNEAPOLIS 2, MINN.—1638 Northwest-  
ern Bank Bldg., Tel. Federal 2-5417. Howard  
J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—17 John Street,  
Room 1401, Tel. Beckman 3-3958. J. T. Curtin  
and Clarence W. Hammel, New York Man-  
agers.

NEWARK 3, N. J.—10 Commerce Ct., Tel.  
Market 3-7019. John F. McCormick, Resi-  
dent Manager.

PHILADELPHIA 9, PA.—123 S. Broad St.  
Room 1027, Tel. Pennypacker 5-5706. Robert  
I. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—321 Pierce Bldg., Tel.  
Chestnut 1-1634. Geo. E. Wohlgemuth, Resi-  
dent Manager.

SAN FRANCISCO 4, CAL.—582 Market St.,  
Tel. Ebbrook 2-3054. Richard G. Hamilton,  
Pacific Coast Manager.

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## EDITORIAL COMMENT

### Are Popular Euphemisms Really Helpful?

In the midst of the hue and cry about what is wrong with agents and the agency system, his competitive problems or lack of them, his need to advertise and how, one fact emerges clearly. There is nothing wrong with the agent or the agency system that more honest selling won't cure. It is not enough just to talk and write about it.

But agents do not like to think of themselves or have others think of them as "salesmen." Selling, in spite of all copy written about it, is, surprisingly, regarded with some disdain or at least misgiving by many insurance men. How did this come about?

After all, in spite of the many things besides sell that the insurance agent does, he is first and foremost a salesman. Selling is his primary function. Yet many producers regard it as beneath their dignity to compete for sales. Possibly it is the desire to be "professional" which fixes some sort of stigma on selling in the minds of those who do not realize that he who does the particular kind of selling the good agent does is a professional in every sense of the word—and that the producer who doesn't do that selling is not a "pro" in any sense of the term.

To some extent the less experienced

and sophisticated agents tend to become over-fascinated by popular euphemisms such as "advisor," "consultant," etc. A few may even use their idea of what these terms mean as a high class excuse for being low class lazy and not doing the hard work agency selling is. After all, the mark of the professional—lawyer, doctor, etc.—is hard work and constant learning. Also these "pros" do their own particular kind of selling—personal selling—all the time.

Certainly the insurance agent is more than a salesman, and he is a particular kind of a salesman. He is a consultant, and advisor. But, essentially he is a salesman. All the consultation, service and advice in the world do not mean a thing unless he also sells his product. Selling is the only way in which he can bring his special consultative, advisory service to more and more users.

Efforts of agents to achieve professional status in the eyes of insured and their fellow agents is a fine objective and deserves every encouragement. But failure to sell is one sure measure of ineffectiveness. If these euphemisms foster this desire, fine. But, if they are confusing insurance men themselves, it's time to avoid using them.—Robert C. Dauer, assistant editor, FC&S Bulletins.

### Character of Conventions Has Changed

In the spring at the annual convention of one of the state associations of insurance agents, an agent made this remark: "This certainly is nothing like it used to be. Ten years ago we used to come over here and have a gay time for a couple of days, then go home and get over our headaches. A crowd of 100 or so was a big one. There were no wives along, and there wasn't much of a program. There has been a big improvement."

The convention he was attending attracted almost 400 people, perhaps 40% of them wives. The wives attended the sessions of a well planned, well balanced program. The convention not only had been well planned and well advertised, but the executive and other committees met a day ahead of the general sessions and in all-day sessions ironed out rough spots and completed final arrangements.

Consequently, the program, which provided agents with some practical ideas about how to meet more effectively current problems, went off smoothly and covered a lot of ground. The drinking was of the social, not "serious" type. Most of the conversation in the headquarters suites concerned the insurance business. Practically everyone registered, including company men, attended every session.

While there were always some differences, state to state, in the character and quality of agent conventions, there is one similarity today which was not the case 10 to 20 years ago. Almost every state association convention today is alike in this respect, in that the program is a good one, the conventions are well planned,

and the general objective is to give the convention attendee a considerable amount of competent information and intelligent ideas which will help him operate a better agency when he goes home. Another similarity is the increase in the attendance of wives and the almost total disappearance of the agent who, in the old days, was a feature of these conventions, the hard drinker who started early and kept at it throughout the convention and often became publicly troublesome to handle. The convention of today is just not a comfortable atmosphere for him.

Thus the meeting of today has become an educational experience. There is still plenty of fraternization and renewing of acquaintances, but the programmers regard their work seriously, and the convention attendee takes it seriously.

Aside from the general changes in the business which have exerted their influence, such as the rise in dollar volume of agency income, increased competition for business, changes which have come more rapidly and in more complex form, and the greater sense of the continuity of the agency business—perhaps the one thing most responsible for well planned, educational conventions is the appearance in almost every state of an executive secretary. Running the affairs of an agent's association has become a business which calls for the attention of one or several persons who devote their entire time to it, and the result has been the development of values which previously did not exist in association activity and convention attendance for members.—K.O.F.

### Booklet Tells How Publicity Chairmen Can Get News Used

Occidental Life of California not long ago published a pamphlet on how to get news into newspapers entitled "So, You've Been Elected Publicity Chairman." The subtitle is "How To Make Friends with the Editor."

The booklet is illustrated, and gives in succinct style how the representative of an organization should go about getting news about that organization in the newspapers. It deals with such topics as what is a newspaper, is the editor a man or beast, why a story may not be used, how to improve copy, getting news in while it is still news, the necessity of typing stories double space with good margins, how to determine whether material is news or advertising, the importance of names and their correct presentation, etc. There is even a section about pictures and a summary of don'ts.

The booklet points out that if someone has a legitimate news story, the editor appreciates it. It is important to remember the time element, to be as accurate and impartial as possible, and avoid hitting the editor over the head with the threat of advertising. The booklet also advises its readers not to overlook the hundreds of small daily and weekly newspapers.

Copies of the book may be secured without charge by writing the public relations and advertising department of Occidental Life, 1151 South Broadway, Los Angeles 15.

## DEATHS

**RALPH L. BROWNE**, 55, claims manager at Milwaukee for Standard Accident, died. He was a past president of Milwaukee Claims Managers Council.

**C. ELMER TOWNSEND**, 75, former manager of the insurance department of Sun Oil Co., died. He was a member of National Fire Protection Assn. for 10 years prior to his retirement in 1950, was fire prevention chairman of American Petroleum Institute from 1933 to 1946, and, at the time of his death, was treasurer of the Pennsylvania Self-Insurers Assn.

**LAURENCE B. STARR**, former senior partner in the local agency of Gelvin, Jackson & Starr at Meadville, Pa., died there. He started in the business in 1913 when he purchased the agency of Rufus Adams, and began the operation of his own agency. In 1916 he became a partner in Gelvin, Hackson & Starr, which is 94 years old. He was a director of Pennsylvania Assn. of Insurance Agents and was one of the founders of Inter-County association. He was past vice-president and director of Excelsior.

**FRED E. RACE**, 70, retired local agent of Lewistown, Mont., and Pasadena, Cal., died.

**C. THEODORE CARLSON JR.**, 56, assistant claims manager of General Mutual of Albany, died in Albany hospital.

**THOMAS M. BLANKENSHIP**, vice-president and secretary of Southeastern Fire and secretary-treasurer of Citadel Life, both of Charlotte, N. C., died.

**ANDREW J. EEBHOLZ**, 72, local agent of Milwaukee, died after a long illness.



**DAVID BALDWIN**, 47, local agent of Ft. Wayne, Ind., died of a heart attack there. He had been associated with the Loos agency, and had also been with Royal-Globe group.

**FRANK C. HARVEY**, 81, a director of Employers Re at Kansas City since 1925 and an organizer, manager and officer in several other insurance operations there, died after a long illness.

**BERT N. LaDU**, 83, retired local agent of Lansing, Mich., died.

## PERSONALS

**Geroge Wilder**, Indianapolis manager of Home and MLG of Indiana pond, will be honored at a party Aug. 19 at Continental hotel, Indianapolis. He is leaving to assume new duties in Virginia.

**Donald A. Hoyt** and **John L. Shaw** are assistant manager and vice-presi-



Donald A. Hoyt



John L. Shaw

dent respectively of London Assurance group. Mr. Hoyt has been with the group since 1952 and is in charge of fire, allied lines, inland marine and multiple peril at New York. Mr. Shaw, who formerly was with Continental Casualty and National of Hartford, will supervise casualty operations for the territory under the New York office of London Assurance.

Mountain Insurance Field Club is planning a testimonial dinner for State Agent **William J. Hutchins** of the America Fore group, in honor of his 50th anniversary in the business, at the Manchester country club, Bedford, N. H., Oct. 14.

**F. W. Linahan**, special agent in the western department of Hartford Fire, has retired after 34 years of service. With the company since 1923, most recently he had been a special agent for farm business. A radio was presented to Mr. Linahan at a party given him by associates.

**Bernard F. Flood**, state agent for Royal-Globe group in West Virginia, has been made a Knight of St. Gregory, one of the highest honorary titles in the Catholic church. The honor was bestowed on Mr. Flood by Pope Pius XII. Mr. Flood is a PMLG of both Ohio and West Virginia ponds

of Blue Goose and has held offices in the West Virginia Fire Prevention Assn. and the West Virginia Field Club.

**Louis Ollmert**, formerly assistant manager at Chicago for Aetna Casualty, was honored at a luncheon given by friends and associates upon his retirement after 49 years with the company. Mr. Ollmert, who is a past president of Casualty Underwriters Assn. of Chicago and Automobile Superintendents Club of Chicago, will be associated with his son, Richard M. Ollmert, Chicago local agent.

## Hartford Accident Names Brekas, Lewis at S. F.

Hartford Accident has appointed **Lawrence E. Brekas** and **Trevor R. Lewis** assistant resident managers at San Francisco. Mr. Brekas, who has been with the company since 1940, will specialize in casualty lines, while Mr. Lewis, who joined the company in 1947, will handle bonds.


## Harleysville Has Loss

Harleysville Mutual Casualty and Harleysville Mutual had a 2.6% underwriting loss for the first six months. The first company wrote premiums of \$7,837,941, an increase of 13.5%, and Harleysville Mutual wrote \$2,713,385, an increase of 19.8%. Assets reached \$28,987,787, a new high.

## STOCKS

By H. W. Cornelius, Bacon, Whipple & Co.  
135 S. LaSalle St., Chicago, Aug. 13, 1957

	Bid	Asked
Aetna Casualty .....	147	150
Aetna Fire .....	60	61
Aetna Life .....	198	202
Agricultural .....	27 1/2	28 1/2
American Equitable .....	30	31
American (N. J.) .....	24 1/4	25
American Motorists .....	10	11
American Surety .....	17	18
Boston .....	29	30
Camden Fire .....	27 1/4	28
Continental Casualty .....	80	82
Crum & Forster com. ....	53 1/2	54 1/2
Federal .....	34 1/2	35 1/2
Fire Association .....	40	41
Fireman's Fund .....	49 1/2	50 1/2
Firemen's (N. J.) .....	34 1/2	35 1/2
General Reinsurance .....	45 1/2	46 1/2
Glens Falls .....	26 1/2	27 1/2
Globe & Republic .....	16	17
Great American Fire .....	31 1/4	32 1/4
Hartford Fire .....	145	148
Hanover Fire .....	34	35
Home (N. Y.) .....	39 1/2	40 1/2
Ins. Co. of No. America .....	100	102
Maryland Casualty .....	33 1/2	34 1/2
Mass. Bonding .....	27 1/4	28 1/4
National Fire .....	73	75
National Union .....	33 1/2	34 1/2
New Amsterdam Cas. ....	42 1/2	45
New Hampshire .....	36 1/2	38
North River .....	32	33
Ohio Casualty .....	21	22
Phoenix Conn. ....	61	62 1/2
Prov. Wash. ....	19 1/2	20 1/2
St. Paul F. & M. ....	55	56
Security, Conn. ....	29	31
Springfield F. & M. ....	55	56
Standard Accident .....	51	52
Travelers .....	80	81
U.S.F.&G. ....	63	64 1/2
U. S. Fire .....	21 1/4	22 1/4



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## NAIA 'Ad' Plan Fund Grows at Encouraging Rate, Miller Reports

Contributions from members of National Assn. of Insurance Agents for the \$2 million countrywide advertising campaign are "still coming in at an encouraging rate," according to Alan H. Miller, Hackensack, N. J., chairman of the NAIA advertising committee. Several states are approaching their suggested portion of the funds and a number of local associations have contributed their portion and more, he said.

In dollar volume New York, California, Louisiana, Florida, Texas, New Jersey, Illinois, Pennsylvania, Georgia and Connecticut are the top 10 states. The top 10 in terms of percentages of their suggested portions of the \$2 mil-

lion are Louisiana, Florida, New York, Maryland, Alabama, District of Columbia, Delaware, California, New Mexico and New Jersey.

Mr. Miller listed associations in the following cities as having submitted 100% or more of their suggested contribution: Sioux City and Marshalltown, Ia.; Twin Falls, Idaho; Inglewood, Burbank and San Gabriel, Cal.; Centralia, Ill.; Augusta, Ga.; St. Petersburg, Fla.; and New Iberia, New Orleans, Ouachita, Baton Rouge, Calcasieu, Alexandria, Beauregard, Leesville and Rayne, La.

A complete report of the progress of the advertising program will be made by Mr. Miller to the national board of state directors of the NAIA convention Sept. 9-11 in Chicago.

## Travelers Promotes Several in Group

H. Curtis Reed has been appointed director of group sales by Travelers. He began as a field supervisor at Hartford in 1946 and went in to the home office a year later. He was named superintendent of the training, sales research and promotion division in 1950 and superintendent of group sales in 1955.

Promoted to group department secretaries were Cyril Cass, who will continue to head the home office sales promotion unit; Harold R. Leidholdt, who will continue to supervise the development and research unit, and John D. Parker Jr., general administrative assistant in the group department. Mr. Cass joined the field service division of the group department in 1923 and has been superintendent of group sales since 1955. Mr. Leidholdt joined Travelers' accident department in 1914 and was named general accounting supervisor in the group department in 1929. Mr. Parker joined Travelers in 1937 and has been superintendent of group sales since 1955.

Richard M. Condon and David A. Cooper have been named assistant secretaries of the underwriting division of the group department. Mr. Condon joined the group department in 1941 and was named chief underwriter in 1951. Mr. Cooper joined Travelers at New York in 1946 and was named regional supervisor of the sales promotion unit in 1955.

## Neb. Agent Feted for 50 Years of Representation

George W. Holmes of First Trust Co., Lincoln, Neb., was honored at a luncheon to mark his 50th year of representing Phoenix of Hartford companies.

President John A. North and Vice-president Glen L. Pickens of the group presented Mr. Holmes a bronze, mahogany mounted plaque. Mr. North spoke at the luncheon. Also attending were 11 members of First Trust Co., and Manager Pritchard J. Payseur of Des Moines, State Agent Richard T. Hilton of Omaha and retired State Agent A. L. Wells of Omaha of the Phoenix group.

## Mackey IM Manager of Boston Group at L.A.

John F. Mackey has been named inland marine manager of Boston group's new regional office at Los Angeles. He joined Boston at the home office in 1942. After navy service, he returned in 1948 to the group in the home office inland marine underwriting department. Transferred to San Francisco in 1955, he later served as IM underwriter at Lansing.

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## American's Six-Month Expense, Loss Ratio 9.7 Points in Red

In the first six months the combined experience of American group showed losses and loss expenses incurred of 70.8% of earned premiums, and underwriting expenses incurred of 38.9% to written premiums. This produced a figure of 109.7% for losses and expenses combined.

Premiums written were \$94,015,261, up 2% over the first half of 1956. Unearned premium reserves reached \$124,739,670, an increase of \$7,001,660 for the six months. Net investment income was \$4,157,984, an increase of \$100,856 over the 1956 first half.

Continued adverse experience in the automobile lines was an important element in the over-all results, according to President Robert Z. Alexander.

## Humphreys Still Says 50 Cents Was Enough on Auto Though Insurers Got 20%

BOSTON—The hearing being conducted by a special legislative commission on compulsory automobile insurance rates and rate making has generated a considerable amount of heat. Commissioner Humphreys was asked by Sen. Canavan, a member of the commission, if he actually wanted insurance companies to get an \$8 million court order premium increase, as they did earlier this year.

Mr. Humphreys resented the statement, called it ridiculous, a downright lie and a vicious smear against his reputation.

The companies took the disapproval of their request for a 20% increase into court, and the court upheld them. Mr. Humphreys had granted them an increase of 50 cents a policy.

However, Mr. Humphreys stuck to his guns, that the rates he allowed for 1957 would be adequate. However, Milton G. McDonald, department actuary, told him that the 20% increase asked by the companies was warranted by the experience and was probably not enough.

In his testimony, Mr. Humphreys said that the \$8 million additional premiums the companies got by going into court might have been avoided in whole or part if he had had the services of an experienced actuary to back up his contention. Since the appeal of the companies to the supreme court constituted what Mr. Humphreys described as an emergency, he said he felt he was not in a position to obtain the services of a qualified, unbiased actuary on short notice. Also, he said he did not have department funds to engage a professional expert, though he admitted that he did not ask the governor for special funds.

He said that since he lacked expert actuarial testimony, he felt that the court should have given greater consideration than it did to his experience and judgment. However, he added that he did not challenge the testimony of Massachusetts Automobile Rating & Accident Prevention Bureau, the agency which collects the experience data in order to determine adequate rates.

"The commissioner does not challenge the bureau," Mr. Humphreys said. "He merely uses their figures or not as he sees fit in setting the rates."

The insurance companies sought a 23% increase for 1957, and the high court gave them 19.6%. It was after this that the commission to investigate rates and rating was appointed.

The view of Mr. McDonald was contained in a memorandum. Mr. Humphreys indicated that his deputy, John H. Loudon, agreed with him, that the rates should not be more than 6% or 7% higher than in 1956. He had even considered a three year rate base

which would have produced a reduction of 1% or 2%.

Mr. Humphreys said he was opposed to the state's setting up a bureau of its own because it would mean duplicate expense, an initial cost of \$250,000 for machines and employees, and a recurring annual cost of \$150,000 for workers.

Mr. Humphrey also indicated that examiners from his department checked company claim files the year round. They do not revise claim reserves by judgment but correct any excess or insufficiency by use of a development factor which has proved accurate within a range of less than 1%. There is no allowance in compulsory automobile rates for profit.

## Canadian Surety Elects W. E. McKell President

William E. McKell has been elected president of Canadian Surety, a subsidiary of American Surety, of which he is chairman and president.

Canadian Surety was organized in 1913. It does a multiple line business in Canada.

Mr. McKell also is president of American Life, the newest member of American Surety group.

## Field Club Agent Liaison Project on PR Activities Now Under Way in N. Y.

The project of getting the assistance of the six field clubs in New York state and the facilities of Eastern Underwriters Assn. to local agents' associations in fire and accident prevention and other public service activities, was started a year ago and is now completely organized and ready to function. Two company field representatives are appointed for special liaison with each of the 61 local agents' associations affiliated with the New York State Assn. of Insurance Agents.

The joint effort already is beginning to show results, according to Craig Thorn Jr. of Hudson, president of the agents' association. In charge of the planning of the project and launching it at eight regional meetings held recently throughout the state were Arthur L. Schwab of Staten Island, PR chairman of the agents' group, and Robert G. McKay, assistant manager of EUA.

## American Casualty Appoints Alaska GA

American Casualty has appointed the Preferred agency, 424 Fifth avenue, Anchorage, as general agents for Alaska. The agency will offer American Casualty's complete multiple line facilities. The agency is equipped to offer claim, inspection and audit services. Earl H. Jones is general manager.

## Robot Safety Sign Works for Campaign in Northeast

A robot safety sign bearing messages for traveling vacationists to "slow down and live" is making a tour of eastern states under sponsorship of National Assn. of State Safety Coordinators. The touring sign, which is 12 feet long with foot high letters, has changeable messages such as "Speed Kills—Road Wet," and "Slow Down and Live—Tie-up Ahead."

It is being displayed on some of the most heavily traveled highways in the northeast through Labor Day. At several spots the sign was introduced with ceremony, including Hillborn, N. Y., where Paul H. Blaisdell, of Ridgewood, N. J., director of the traffic safety division of Assn. of Casualty & Surety Companies and executive secretary of the national "Slow Down and Live" program, demonstrated the sign to local officials. The sign was developed by Tele-Dynamics of Philadelphia.

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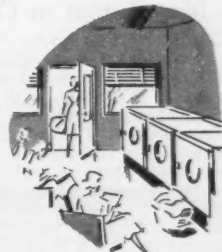
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## NEWS OF FIELD MEN

### North British Rearranges Wis. Under Van Leuven, Nelson; Lofgren to Ind.

North British group has rearranged field supervision in Wisconsin. Edward J. Van Leuven has been appointed state agent for western Wisconsin. The Eau Claire field office is being discontinued, and Mr. Van Leuven will make his headquarters at 669 Bockl building, Milwaukee. This change is brought about by the transfer of State Agent Vernon G. Lofgren to Indiana.

Robert F. Nelson, formerly special agent, has been advanced to state agent for eastern Wisconsin and will have offices with Mr. Van Leuven.

Vernon G. Lofgren has returned to Indiana (where he previously served four years as field man) as state agent. He replaces Robert Barlow, resigned.

Special Agent Bruce E. Titus will be associated with Mr. Lofgren and both will make their headquarters at 204-5 Insurance Center, Indianapolis.

### McKillip Hartford Accident Special Agent for Colo.

Bernard W. McKillip has been appointed all-lines special agent by Hartford Accident covering Colorado, with headquarters at the Denver branch. He joined the company earlier this year after having operated a local agency in McCook, Neb.

### Atlantic Names Decker Michigan State Agent

James F. Decker has been appointed Michigan state agent of Atlantic group. He will be in charge of fire operations and will work under the direction of John J. Mackowski, manager at Detroit.

### Royal-Globe Names Three in Iowa and Neb. Field

Royal-Globe has appointed David L. Snowton state agent in Cedar Rapids. Formerly state agent in North Platte, Neb., he is succeeded there by Eugene A. Roche, who has been promoted from special agent in Lincoln, Neb. Dwight H. Fritts Jr. has been named to succeed Mr. Roche as special agent in Lincoln.

### St. Paul F.&M. Names Jackson at Louisville

St. Paul F.&M. has appointed Hughlette Jackson state agent in Kentucky with headquarters at Louisville to succeed I. J. Holmgren, who has retired. Mr. Holmgren had been at Louisville since joining the company in 1935. Mr. Jackson has been his assistant since 1951.

### North British Names Dean in Mo., Lemm in Okla.

North British group has appointed John F. Dean state agent for eastern Missouri, in association with State Agent J. E. Miller, with headquarters at 405 Landreth building, St. Louis.

Raymond A. Lemm has been named special agent for Oklahoma, in association with State Agent D. H. Shannon. Headquarters are at 606 Colcard building, Oklahoma City. He formerly was in this field with Security-Connecticut group.

### Peerless Appoints Scott in N. Y., MacWha in Vt.

Peerless has appointed two new field representatives—Robert C. Scott in Syracuse and H. William MacWha in Montpelier, Vt.

Mr. Scott will handle casualty lines in the Syracuse office. He formerly

was with Boston. Mr. MacWha has been with the company since 1951. He was previously in the home office fire department and has been training there for his new position the past few months.

### Royal-Globe Names Two Special Agents in Maine, Shifts Three in Mid-West

Royal-Globe has appointed A. J. Gingras and Richard G. Wragg state agents in Maine. Mr. Wragg has been special agent in that territory. His headquarters are in Portland.

Mr. Gingras completed the group's multiple line training course before going into the Connecticut field at New Haven. He has new headquarters in Bangor.

Edward A. O'Neill, former Wisconsin regional manager, is transferring to Los Angeles as regional manager. Fred A. Miller, regional manager for Illinois and Indiana, assumes responsibility for operations in Wisconsin as well as for the other two states.

George H. Clark has been appointed manager of the Milwaukee office under supervision of Mr. Miller. Mr. Clark has been with the group nine years, serving most recently as state agent in the Chicago regional office.

William W. Ferguson has been appointed assistant manager at Milwaukee. He has been with the group since 1925. He will continue to assist in the production of fire business throughout the state. L. Donald Myrah, casualty special representative, will assist in the production of casualty business.

### Central Mutual Names Giseburt Mont. Special

Walter Giseburt has been named special agent for the new Montana territory of Central Mutual. James Moore, who formerly served the territory, will continue in the Idaho and Utah area. Mr. Giseburt previously was an underwriter at San Francisco.

### Pacific National Names Crawford to N. M. Field

Pacific National has appointed Harry L. Crawford state agent at Albuquerque, N. M., to succeed William Klein Jr., who has been named branch manager at Denver. Mr. Crawford, who is president of New Mexico Field Club, has been with National of Hartford group.

### Fireman's Fund Appoints Thomason to S. C. Field

Fireman's Fund group has appointed William M. Thomason special agent in South Carolina, with headquarters at Columbia. He graduated from the group's training school in New York and has been in the Atlanta office.

### National Fire Appoints Pinegar to Ind. Field

National Fire has appointed James D. Pinegar special agent in Indiana with headquarters at Indianapolis. He has been with Indiana Rating Bureau since 1954.

### Burke N. Y. State Agent of Boston at Albany

Edmund P. Burke Jr., has been appointed state agent in New York by Boston and Old Colony at Albany. He has been special agent and formerly was underwriter there.

### Iowa Pond Elects Henson

Iowa pond of Blue Goose has elected W. E. Henson, Loyalty group, MLG;

Robert E. Tedrick, Great American group, supervisor; Lee Roland, Home, custodian; J. W. Greene, America Fore, guardian; S. W. Elder, Atlas, keeper, and Glenn H. Campbell welder. Mr. Henson and Robert R. Hufstader were named delegates to the Grand Nest at New Orleans.

### Commercial Standard Names Heard to Dallas

Commercial Standard of Ft. Worth has named Charles L. Heard special agent for east Texas and Louisiana with headquarters at Dallas, to succeed Glen B. Sherd, who has been promoted to manager at Little Rock, Ark. Mr. Heard has been at the home office.

### Aetna Fire Appoints Brown at Toledo, O.

Aetna Fire has appointed George A. Brown special agent at Toledo, O. He has been a local agent in Michigan, and will be associated with State Agent J. M. Westerfield.

### Appoint Stevens Indiana State Agent of Boston

Boston group has appointed Harold A. Stevens Indiana state agent. He will make his headquarters in Indianapolis. Mr. Stevens formerly was with Security of New Haven and with Illinois Inspection Bureau.

### Royal-Globe Promotes Lockhart at Detroit

Royal-Globe group has appointed Robert B. Lockhart special representative in Detroit for inland marine, burglary, glass, marine and aviation lines. He joined the group in New York in 1954 and has been an inland marine underwriter at Detroit.

Phoenix of Hartford has transferred Desmond J. Nolan, casualty and bonding special agent from Chicago to Indiana, with offices at 416 Chamber of Commerce building, Indianapolis.

The Roberts & Rhea general insurance agency of Ft. Worth has appointed R. T. Fairclo special agent in charge of north-central Texas.

### Larson Further Defines Fla. Fictitious Group Law

Commissioner Larson of Florida has further clarified the state's new law pertaining to fictitious groups. The law provides that no master policy, or series of policies, or certificates of insurance of fire, casualty or surety insurance which are issued to any fictitious group at any preferred rate or form shall include any Florida resident, or group of residents, in such coverage. Also, Florida residents or groups of residents cannot be solicited for such fire, casualty or surety insurance issued to any fictitious group at a preferred rate or form.

### San Antonio Claim Men Elect J. C. Schelcher

San Antonio Claim Men's Assn., at the August meeting, elected James C. Schelcher, American General, secretary to succeed J. W. Chumbley, National of Hartford group, who has been transferred to Houston.

### Agency Opens Pittsburgh Branch

The Waugman, Pitzer & Messner agency of Harrisburg, Pa., has appointed William B. Vandling manager of its newly opened Pittsburgh branch in First National Bank building.

He has been 11 years in underwriting and the field with Indemnity of North America and Continental Casualty. The agency specializes in transportation insurance.

## A & S

### Argonaut Introduces Group Major Medical

Argonaut has introduced a new group major medical program for employees and their dependents, under three plans: Comprehensive, corridor-type and integrated.

The first plan, which is not superimposed on a base plan, starts with a \$50 deductible or \$100 deductible option. The second plan agrees to make payments after base plan benefits and a specified deductible has been exhausted. The integrated plan provides for use of the base plan benefits to satisfy the deductible. Maximum amounts are \$5,000 or \$10,000. Under the \$5,000 limit, the company pays 80% until \$2,500 has been paid, then 100% until the maximum is paid. Under the \$10,000 limit the company pays 80% up to \$5,000 and then 100% to maximum.

### Combined of Ill. Group Six Month Premiums Up

Premium volumes for Combined group of Illinois totaled \$10,177,928 for the first six months of 1957, up 24% from the same period in 1956. Individual company increases in the group were: Combined of Chicago, \$7,660,507, up 24%; Hearststone, \$1,311,850, up 30%; Combined American of Dallas, \$881,445, up 19%, and First National Casualty of Wis., \$324,126, up 26%.

### Kansas City A&S Men Elect Passman President

Kansas City Assn. of A&H Underwriters has elected Ralph S. Passman president; Harold Bump vice-president, and Hale W. Lentz secretary-treasurer.

### National Casualty Writing Some Substandard A&S

National Casualty is now writing special disability and hospitalization for some classes of risks previously considered uninsurable such as those who are physically impaired. Purpose of the program, the company said, is to reduce non-renewals and policy terminations due to physical impairment, not to encourage the writing of impaired new business.

### Completes 50 Years for Fireman's Fund Group

Durham & Durham Insurance, local agency of Danville, Ky., was presented a certificate in honor of its completion of 50 years continuous representation of Fireman's Fund group. The certificate, signed by President James F. Crafts, was presented by State Agent George B. Olmstead.

### Kemper Names District Managers in the East

Kemper group has named A. A. Nolfi district manager at Baltimore, with supervision of Maryland, District of Columbia and southern Delaware.

The group also has named two district managers, R. H. Granger and William Kulesh, with headquarters at the Garden City, L. I., regional office.

### Cal. Agents Move Offices

California Assn. of Insurance Agents and Far West Agents Conference will move their joint offices Sept. 1 to office suite A, Hotel Claremont, Berkeley.



## Life-Fire Alliance to Bring More Packaging

(CONTINUED FROM PAGE 2)

printed the name of one agent, with his telephone and address.

Now one package of all insured's personal coverages does not sound so improbable. It isn't even new. It is not even new to have all one man's personal insurance written in one company by one agent.

What is new is the remarkable tide of interest by fire and casualty companies in the purchase or organization of life company affiliates. More than a dozen of these life-fire-casualty combinations have been formed in the past year, and more are on the way. Some of them are very substantial. Only a New York law which is expected to be changed next year stands in the way of life companies buying or organizing fire-casualty affiliates. This whole trend may bring about the widespread promotion and sale of the single, full package of personal insurance more quickly than was considered possible.

If life companies with debit agents entered the personal auto and dwelling field, the agency companies will really move. These insurers are not afraid of ordinary life agents. In the fully multiple line company there always has been a certain drift of life agents from life to fire and casualty (very seldom the other way). But the debit agent makes collection calls once a month or once a week and could just as readily handle the personal fire and casualty lines as he does the life business. The big thing is the regular, frequent incidence of positive, face to face contact with insured.

This combination of life, fire and casualty companies is a trend big enough and strong enough to exert appreciable influence on the pattern of insurance merchandising. Under these circumstances, wouldn't it be wise of the agent to ask himself: "Will I for very long have the option of selling or not selling all lines including life?"

One local agent recently commented that he was having no problem selling. All he has to do is to get 20 or 30 minutes of the prospect's uninterrupted attention. Why no trouble selling? Because by selling every kind of insurance, including life, fire, A&S, liability, and all, in every interview he finds at least one point at which the prospect is so improperly or poorly protected that even he, the prospect, is convinced.

The average local agent has tended to look upon personal business as small items not worth too much cultivation. Cultivation was for the commercial business. Many agents today still cling to this notion. Yet the householder is rare today who does not spend at least \$300 a year for life insurance, dwelling fire, EC, theft, CPL, accident and sickness, major medical and hospitalization—and many spend much more. But \$300 a year is equal to a small commercial account. These are important amounts of money and will attract vigorous competition.

There is the possibility here of the

local agent ending up with one company or one company group. But the local agent can do this kind of business any day of the week—and some do. Life companies are eager to do business with the local agent, and he can make his own combination, build his own one-file of insurance for the personal customer, arrange financing and meet competition while it is still around the corner.

Is such an idea apt to become popular? No one knows. But in one small midwest city in a recent week two clients of a local agent asked him if he could get all their insurance in one policy—"We are tired," they said, "of fooling around with so many policies."

## Atlantic Group Will Continue 'Ad' Service to Independent Agents

Atlantic group has decided to continue the agents' advertising program instituted two years ago to supply all independent property and casualty agents with professionally prepared copy and mats for newspaper advertising. According to Miles F. York, president, a survey of agents throughout the country has revealed an "overwhelming" preference for newspaper advertising over all other local media.

The new campaign has been specially designed so that members of National Assn. of Insurance Agents can tie in with the national advertising program currently being planned by that association. Because of increasing competition in the business, Mr. York said, the need for local tie-in advertising by the local agent has become "even more urgent."

The new program will consist of six advertisements, which can be used with the 18 ads previously available. Agents may receive reprints of the advertisements free of charge, or may order newspaper mats at cost by contacting the group.

## Va. Reduces Fire Rates to Tune of \$585,000, Agents Ask Assigned WC Risk Pay

Fire rates have been reduced on 11 classes by Virginia Corporation Commission. The commission estimates the reduction will mean a reduction of \$585,000 a year in premiums. The commission reviews fire rates annually, and for the five years ended with 1955 found companies made an 8.6% underwriting profit, or 3.6% above the 5% allowed. The reductions are retroactive to May 15.

Reductions are 15% for brick apartments, 10% for bank and office buildings and contents, 10% on bottling works and contents, 10% on creameries and ice factories and contents, 5 to 31.5% on garages and filling stations, 15 to 20% on hospitals and contents, 10 to 15% on retail lumber yards and contents.

Also 10 to 23% on meat packing plants, 10 to 30% on metal workers and contents, 16.6 to 20% on public and institutional buildings, 19.6 to 29.1% on tourist courts, cabins and motels.

The commission has called for a hearing Oct. 24 on a proposal by Virginia Assn. of Insurance Agents for authorization of a 58% commission on assigned workmen's compensation risks. The proposal also calls for 3% additional allowance to insurers for field supervision, making a total of 8%.

## S. Dak. Agents Set Program for Annual Aug. 26-27

South Dakota Assn. of Insurance Agents has completed the program for its annual convention at Huron, Aug. 26-27.

Registration and a meeting of association directors will occupy the first morning Aug. 26. At the luncheon session, Commissioner Mitchell of South Dakota will discuss revision of the state insurance code, and Iver Aas, Home, will review "What the Field Man Expects of the Local Agent" during the afternoon meeting. Reports of officers and a business session will conclude the day's formal activities.

J. E. Cryan, America Fore group,

will present a discussion of the special farm survey and rating plan to open the morning program on Aug. 27. A description of the proposed national advertising program of the national association will follow Mr. Cryan's talk, and Gordon T. Refoy, Western Adjustment, Chicago, will review changes in adjusting procedure at the luncheon session.

Paul H. Jones, local agent of Tucson, Ariz., and a member of the NAIA executive committee will discuss national association developments and a final business meeting of the association will close the convention.

## Lyons Raised by American Surety at Indianapolis

American Surety has appointed Eugene Lyons casualty superintendent at Indianapolis. He has been a casualty underwriter there.

## PRODUCTION POINTERS



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No reason why you shouldn't be the one to write the lion's share of profitable homeowners business in your area. Not when you can offer the broad programmed protection of a Zurich or American Guarantee Homeowners policy\* . . . providing all the household coverages your clients need in one package—for one premium. And at a lower cost than if comparable coverages are purchased in the form of separate policies.

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## Agents, Pacific Board Study Remedial Plan

Officers of California Assn. of Insurance Agents and Board of Fire Underwriters of the Pacific huddled together in San Francisco in an effort to develop a program to alleviate the bleak situation confronting the fire insurance industry.

State association representatives said that they as partners in the American agency system were obligated to join the capital stock companies to organize a "team" to resolve current difficulties without jeopardizing the value of their common position with the insuring public.

Specific items discussed included depressing loss and expense ratios facing most companies and the various remedial actions taken by the companies. Modification of the term rule, increasing minimum premium, possible change in the time payment plan and the effectiveness of the present company-agent conference program were also covered.

The officers agreed that the problems could be solved by friendly co-operation and that the industry should adopt a more effective communication program between companies and their producers.

## Mutual Companies Shelve Studies of Multiple Line

(CONTINUED FROM PAGE 1)

until these fire and casualty companies began getting into life insurance," said an executive of one of the largest companies. "Then we asked ourselves, 'If the fire and casualty companies can get into life insurance, why shouldn't we get into fire and casualty?'"

It is apparent that life company subsidiaries of fire-casualty companies are going to make themselves quite a factor in the business. Executives of these insurers have been agreeably surprised at the degree of acceptance among general insurance agents and their policyholders. Apparently if the client trusts his general insurance agent he is quite willing to take his word for the standing of the life company he is recommending. In addition, if the client has been satisfied with the way the parent company has handled his fire-casualty coverages he is well disposed toward its life affiliate. In fact, some clients have even expressed a wish that the same insurer group handle all their coverages, including life.

Pacific National group has opened its new southern division offices in Atlanta.

## Late News Bulletins...

(CONTINUED FROM PAGE 1)

tion American Bonding will remain fully qualified in all jurisdictions where that company presently is operating, to the end that all rights and interests of its agents and their clients will be completely protected.

## File \$484,591 Tax Lien Against John R. Cooney

Tax liens totaling \$484,591 have been filed in the office of the Essex county register by Joseph F. Mayer, director of the Newark office of Internal Revenue Service, against John R. Cooney, former president of Firemen's, and the estate of his wife, Mrs. Loretta A. Cooney. The liens are directed against Mr. Cooney and Walter J. Christensen, executive vice-president of Firemen's, as executors of Mrs. Cooney's estate.

The liens are \$132,592 for 1949, \$164,276 for 1950, and \$187,722 for 1951. They do not include the years in which Mr. Cooney has been indicted by Essex county prosecutor for misappropriating \$262,206 from Firemen's. Those years were from May 21, 1952, to July 2, 1954.

The assistant IRS director at Newark indicated that the liens have been filed "merely as a protective measure." He would not indicate whether a civil tax suit will be filed. Liens generally cover the amount of tax sought by IRS plus interest and penalties. Firemen's has filed a civil suit against Mr. Cooney for \$368,000, which they charged he misappropriated while president, which is in addition to the more than \$300,000 he has paid back. The trial of the indictment against Mr. Cooney by the Essex county prosecutor has been set for Essex county court Oct. 21.

## 250 Attend W. Va. Agents Convention

About 250 attended the annual convention of West Virginia Assn. of Insurance Agents at White Sulphur Springs. Rosser Long Sr. of Fayetteville was reelected president, Frank R. Bell Jr. of Charleston was named state national director, and Paul Neville of Morgantown was reelected chairman of the executive committee.

Members of the executive committee elected are Blaine Miller of Parkersburg, W. F. Watts of Beckley, J. W. Havens of Huntington, C. C. Dyche of Berkeley Springs, E. S. Bippus Jr. of Wheeling, Earl N. Flowers of Clarksburg and K. E. Reed of Charleston. C. T. McHenry was renamed executive secretary-treasurer.

In resolutions the association reiterated support of NAIA, the agency system and the national advertising program. Harrison county association won the Maryland Casualty award for the outstanding local board development program of the year.

## Continental Casualty Underwriting Profit Dips

Despite consolidated net premiums of \$112,713,521 for the first half of 1957 amounting to a \$10,740,892 increase over the same period last year,

Continental Casualty and subsidiary, Transportation, had one of its worst periods in its underwriting history.

Consolidated net income from operations was \$3,586,139, compared with \$5,292,094 for the first six months of 1956. Continental showed an underwriting profit of \$70,834 compared to \$5,013,927 for the first half of 1956. Chairman Roy Tuchbreiter attributed the decline almost entirely to unsatisfactory results in automobile lines where the impact of inflation has been heavy.

At the year's half-way mark, the company's consolidated capital funds amounted to \$157,604,233, a gain since Dec. 31 of \$4,296,015.

## Okays Deposit Premium on First Class Mail Cover

Inland Marine Insurance Bureau has filed to become effective Sept. 1 a change in the rules applicable to first class mail insurance, form A. This change makes it permissible to charge at the inception or anniversary date a deposit premium based on estimated shipments for the ensuing year. The deposit premium shall not be less than the minimum, which remains \$50.

## Change Fire Reporting in Pa.

A new law in Pennsylvania eliminates the requirement of reporting small losses under \$100 to state police at Harrisburg and eliminates also the requirement of a yearly summary of such losses by all fire insurers. Under the amended law, all insurers writing fire will report losses of \$100 or more "with all reasonable speed after the company has information of the loss." This includes casualty companies which write fire under the multiple line law.

## WANT ADS

Rates—\$20 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

### ENGINEER

We need an ambitious man with an Engineering background—able to do fire rate work, helpful if he can do appraisals—will be used for these purposes and will be broken in as an accounts man to handle all lines. Prefer a college graduate under 35. We have group insurance and a pension plan.

La Salle, with Peru adjoining and Oglesby near, is a pleasant and fine place to live, area population is about 30,000. Particularly, it is a place that parents would choose to raise their children. Drive to work in under 10 minutes. Get to know many fine people and be known. Salary is open.

There are 22 churches, public and parochial grade and high schools, and a junior college in the community.

Contact Emory B. Ross  
The Duncan Insurance Office  
La Salle, Illinois

### WANTED

Insurance Accountant, familiar with state tax filings, reinsurance operations; experienced in the preparation of Annual Convention Statement and Expense Exhibit. Available for position with Fire and Casualty Company located in New York City or Hartford. Resume upon request. Write Box W-16, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### ENGINEER

Engineer wanted to assist in engineering and claim departments of large agency. Indiana elevator license required. Boiler license desirable. No traveling. Married man preferred. To age 40. Salary open.

O'ROURKE & COMPANY  
1208 Fort Wayne Bank Bldg.  
Fort Wayne, Indiana

### FIRE MANAGER

Well established Stock Group has opening in Chicago for Fire Manager of its Midwest Department. Some traveling involved. Good production background necessary. Address Box W-23, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### CASUALTY UNDERWRITER

Wanted—Young man to head casualty underwriting section of fast growing multiple line Wisconsin mutual. Must have general liability and auto experience and be capable of making rate filings. Company is rated A-plus, is located in ideal city of 40,000. Employees get all benefits. An excellent opportunity. Salary open. Write Box W-15, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### INSURANCE SECRETARY

Immediate position. Must have rating experience Fire and Casualty Lines and like to meet people. Female preferred, but will consider man and will help qualify under Florida Law. Send resume of experience, age and small snapshot. H. Clay Gardenhire, Jr., 626 S. Washington Blvd., Sarasota, Florida.

### INSURANCE AGENCY WANTED

Insurance broker with capital and substantial volume will purchase general agency. Chicago Loop preferred. May retain Seller on semi-retirement or other basis. All replies strictly confidential. Address Box W-13, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### FIRE OR MULTIPLE LINE FIELD MAN WANTED

for northern Illinois by old, established reputable stock company. Salary commensurate with experience and background. Reply to Box W-17, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### BRANCH MANAGER WANTED OMAHA

With proven sales experience, managerial ability, multiple line background preferred. Excellent future potential with stock company known nationally for its rapid growth and competitive policies that you can be enthusiastic about. Write in confidence. Box W-18, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### POSITION WANTED

Capable experienced managements available for policy formation and insurance, underwriting, reinsurance, agency building and financing, group, business insurance, pensions, etc. Can build existing company or assume full charge of new company. Write Box W-19, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### CASUALTY UNDERWRITER

Large Multiple Line Stock Group has opening for experienced Senior Casualty Underwriter. Experience should cover all casualty lines. All replies held in confidence and our employees know of this ad. Please reply to Box W-22, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### DESIRE SALES POSITION

In Chicago agency. 7 Years Multiple Line Field exp. Married, college graduate, C.P.C.U. Reply Box W-24, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### AVAILABLE TO A WISCONSIN AGENCY

Twenty years experience; agent, company, buyer. Age 37. C.P.C.U. Native of Wisconsin and desirous of an agency opportunity. Excellent qualifications and best of references. Presently located in Michigan. Resume on request. Write Box W-25, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### BOND MANAGER

Desires change—over 20 years experience Fidelity, Surety, Burglary. Excellent company references. Locale preference, South or Southeast. Write Box W-26, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### CASUALTY UNDERWRITER

Excellent opportunity for college graduate age 32 or under with general casualty underwriting experience needed for servicing agency accounts. Large Midwestern city. Submit resume to Box W-20, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.



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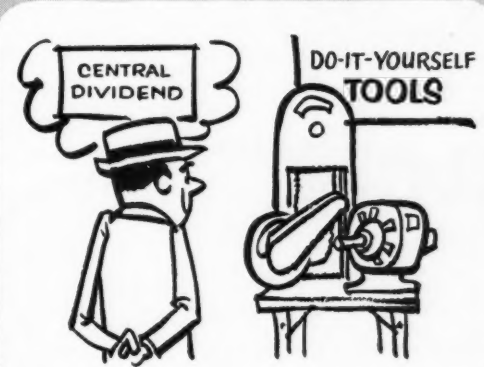
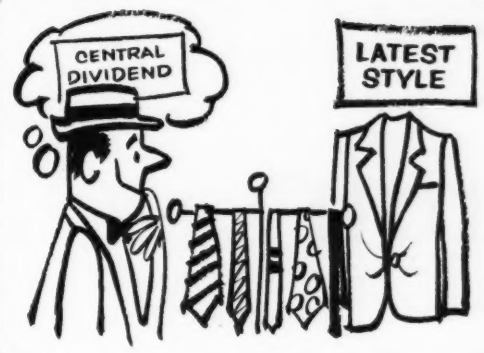
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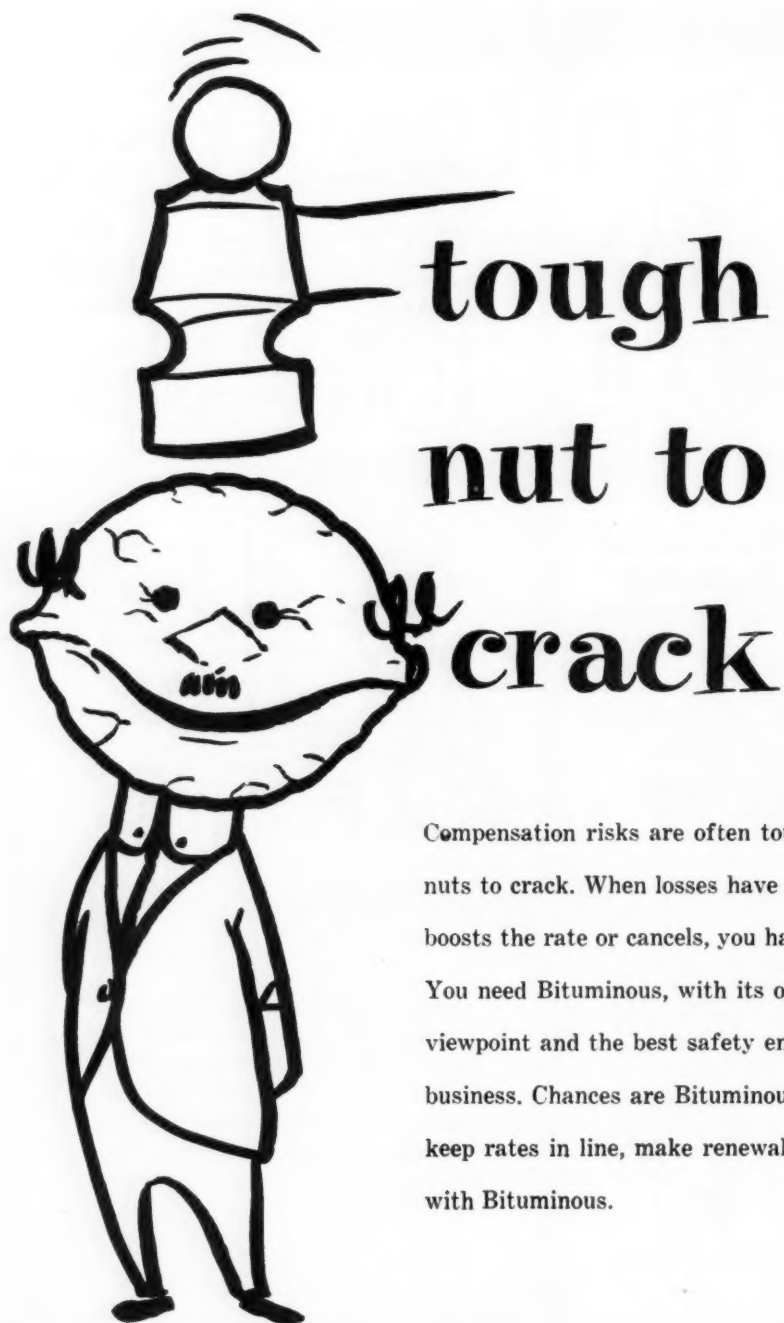
Count on your client (and your client's wife) to remember the big difference Central's dividend makes! They remember—and renew. That's why, when you sell Central, you sell for keeps! Find out for yourself. Selling Central is good business!

**Here's how to tell them!**  
This clever "wallet" mailing piece (one of nine in our 1957 Direct Mail Campaign) really gets the Central dividend story across! Like to see the whole portfolio? Drop us a line; we'll rush it your way!



**Central Mutual**  
**INSURANCE COMPANY**

VAN WERT, OHIO  
BRANCH OFFICES in Atlanta, Boston, Chicago, Dallas, Denver, Los Angeles, Montreal, New York, San Francisco, Toronto.



Compensation risks are often tough nuts to crack. When losses have been high and your carrier boosts the rate or cancels, you have a very real problem. You need Bituminous, with its open-minded underwriting viewpoint and the best safety engineering service in the business. Chances are Bituminous can reduce losses, keep rates in line, make renewals easy. Hit 'em hard with Bituminous.

## **BITUMINOUS**



### **CASUALTY CORPORATION**

BITUMINOUS FIRE AND MARINE INSURANCE COMPANY

ROCK ISLAND, ILLINOIS

*Specialists in Workmen's Compensation and Liability Lines*